

Invesco Corporate Bond Fund

Quarterly Performance Commentary

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



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	\$1,860,135,393
Total Number of Holdings	701

Fund characteristics

WAM (years)	13.00
Effective Duration	7.37
Distribution Frequency	Monthly

Investment categories (%)

Government Bonds

US Treasuries	4.18
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Corporate Bonds

US Investment Grade Bonds	61.31
US High Yield Bonds	7.84

US Dollar Denominated Foreign Debt

Non-US Investment Grade Bonds	9.69
Non-US High Yield Bonds	3.79
Emerging Markets Debt	6.51
Sovereign Debt	2.56

Non-US Dollar Denominated Foreign Debt

Convertible Bonds	1.26
Cash	2.86

May not equal 100% due to rounding.

Credit quality breakdown (% total)¹

Cash	2.86
AAA	3.35
AA	3.85
A	16.94
BBB	56.36
BB	12.55
B	2.57
CCC and below	0.46
Not Rated	1.06

Market overview

- + US bonds again posted strong nominal results in the third quarter as interest rates fell precipitously amid decelerating global growth and persistent US/China trade conflict. Global risks remained a headwind to growth, especially in Europe given uncertainties of Brexit, auto tariffs and Italy's crisis. The Federal Reserve twice cut the federal funds rate by 0.25%, lowering the target range for the overnight yield to 1.75% - 2.00%.
- + The 10-year US Treasury yield fell from 2.00% to 1.68% and the 30-year from 2.52% to 2.12%.
- + Yield spreads between US investment grade credit and comparable duration US Treasuries narrowed during the quarter, slightly rewarding credit investors. Credit issuance was robust, with yield seekers highly receptive to the sector given the low yield environment. Investors maintained their preference for lower-rated investment grade (BBB/Baa) and high-yield credits, despite decelerating global growth.
- + While corporate leverage remained at high levels, free cash flow and interest coverage ratios were positives. Deleveraging remained a central theme for many corporate issuers across sectors, so security selectivity was essential to relative results.
- + US investment grade credit had robust supply of roughly \$386 billion during the quarter, with \$190 billion just in September. Investors' yield appetites aptly absorbed the supply glut, even as expectations for slower growth escalated. Demand for US credit continued from overseas investors, with hedging costs less of an impediment due to declining rates and easier monetary policy.

Positioning and outlook

- + Growth in Europe and China has been disappointing. More recently, the European Union services sector has softened. US consumer data has also been disappointing. We expect downside momentum to continue. Though we see little evidence for a recession, we believe trade, political and consumer uncertainty will weigh on data in the near term. In Europe, where data have been weakest, many risks remain (Brexit, Italy and auto-tariffs). We expect US growth over the next three to six months will trend closer to potential GDP (1.5%), which would bring 2019 GDP to 2%. If tariffs are not delayed, we could see 1% GDP in the first quarter of 2020.
- + Tariffs have pushed core CPI inflation higher and softening demand is not likely to lower near-term inflation. Therefore, our call for 2019 inflation is around 2.5% and trending lower in 2020. The Fed will likely maintain its focus on inflation expectations rather than the transitory pick-up in inflation. We expect core European inflation to rise to around 1.3% and headline inflation (including food and energy) to decline to 1.2% due to lower oil prices. Excluding tariffs, inflationary pressures will likely remain range bound but expect continued noise in the data.
- + Central banks have largely delivered what markets have expected, though the effectiveness of their easing is still in question (particularly in Europe where many risks loom). As US growth disappoints, we expect two more rate cuts in 2019, particularly if trade uncertainty persists and consumer sentiment weakens further. The bond market is currently pricing in three more Fed rate cuts in total, which is reasonable given slowing growth and inflation expectations.

Performance highlights

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

Contributors to performance

- + Security selections in banking, communications and technology added to relative return.
- + Overweights in lower-rated investment grade and high-yield corporate credit proved beneficial.

Detractors from performance

- + Security selections in energy and transportation dampened relative return.
- + Overweights in consumer cyclicals and finance companies detracted from relative results.

Expense ratios	% net	% total
Class A Shares	0.83	0.83
Class C Shares	1.53	1.53
Class Y Shares	0.58	0.58

Per the current prospectus

Investment results

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

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	
	Max Load 4.25%		Max CDSC 1.00%			Bloomberg Barclays U.S. Credit Index
Inception	7.02	7.12	5.23	5.23	5.66	-
10 Years	5.40	5.86	5.13	5.13	6.15	5.32
5 Years	3.92	4.82	4.06	4.06	5.11	4.54
3 Years	3.20	4.71	3.95	3.95	5.02	4.33
1 Year	7.14	11.85	10.14	11.14	12.27	12.63
Quarter	-0.95	3.49	2.14	3.14	3.54	2.98

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. 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

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.

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.

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.

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.

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.

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.