

# Invesco Conservative Income Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of March 31, 2026



### Investment objective

The fund seeks to provide capital preservation and current income while maintaining liquidity. The fund seeks to achieve its investment objective by investing in a diversified portfolio of short duration, investment grade money market and fixed income securities.

### Portfolio management

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### Fund facts

Nasdaq	R6: ICIRX A: ICIVX Y: ICIYX Inst: ICIFX
Total Net Assets	\$1,842,704,249.52
Total Number of Holdings	259

### Fund characteristics

Weighted average life (WAL) (years)	1.23
Effective duration (years)	0.53
Spread duration (years)	1.11

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

Cash	0.00
A-1+ or A-1	7.11
A-2 or A-3	11.58
AAA	11.10
AA	25.94
A	36.29
BBB	7.97

### Market overview

- + The Federal Open Market Committee (FOMC) left the federal funds rate unchanged in the first quarter (target range 3.50% to 3.75%) in response to a stable labor market, slower inflation progress and economic uncertainty. US Federal Reserve (Fed) Chair Jerome Powell stated in his March press conference, "The rate forecast is conditional on the performance of the economy, so if we don't see that progress then you won't see the rate cut." Inflation effects from the Middle East conflict were still unclear, and the FOMC indicated it will remain attentive to potential economic effects on the US economy.
- + Treasury yields rose across the curve during the first quarter, led by the 2-year Treasury, which rose 0.32%, while the 3-month Treasury bill rose to a lesser degree, up only 0.05%.
- + During the first quarter, the yield spread between Treasuries and short-term corporate fixed-income sectors widened amid uncertainty tied to geopolitics, which drove demand for added compensation in credit markets. The yield spread between one to three-year US investment grade corporate securities and comparable maturity Treasuries widened to 0.64% from 0.53%.
- + During the quarter, the fund's duration increased to 0.53 years, up from 0.44 years at the end of 2025. Investment grade corporate bond exposure was relatively unchanged at 70.1% from 70.3%, money market securities decreased to 18.7% from 19.5% last quarter and asset-backed securities (ABS) increased to 10.2% from 9.6%. Financial institutions remained the largest exposure within investment grade bonds at 45.9%.
- + As of quarter end, the bond market seemed to have removed any expectation of Fed rate cuts for 2026. The FOMC's March Summary of Economic Projections (SEP) updated its outlook to a median projection of one rate cut in 2026. The FOMC raised its forecast for median gross domestic product (GDP) growth to 2.4% from 2.3%, raised its inflation forecast to 2.7% from 2.4% and left the unemployment projection unchanged at 4.4%.

### Positioning and outlook

- + Our outlook remains defined by resilient but moderating growth, gradually improving yet still elevated inflation, and a Fed firmly on hold. We believe this environment supports attractive front-end yields amid restrictive policy and ample Treasury bill supply, despite episodic volatility tied to geopolitics and energy prices.
- + A higher-for-longer front-end rate regime remains supported by sticky services inflation and renewed energy-driven inflation risks, with recent yield volatility reflecting inflation expectations rather than growth deterioration, while stable policy rates, ample bill supply, declining overnight reverse repurchase agreement usage, and resilient repo markets point to a constructive funding backdrop.

### Performance Overview

- + Invesco Conservative Income Fund (ICIFX) had a net return of 0.75% for the quarter, underperforming its benchmark, the ICE BofAML US Treasury Bill Index, which returned 0.86%. (Please see the investment results table on page 2 for fund and index performance.)
- + For the one-year period ended March 31st, the fund returned 4.37%, compared to the benchmark return of 4.10%.

### Contributors to performance

- + Sector and security selection added to relative return.
- + Investment grade corporate bonds and cash securities added the most to relative return.
- + Cash securities with maturities of 1-7 days, 31-60 days, 61-90 days and greater than 150 days, as well as financial institutions corporate debt, were leading contributors to relative return.

### Detractors from performance

- + Duration exposure to cash securities detracted from relative return.

Expense ratios	% net	% total
Class Institutional shares	0.27	0.28
Class A shares	0.46	0.47
Class Y shares	0.36	0.37
Class R6 shares	0.29	0.30

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 Dec. 31, 2026. See current prospectus for more information.

Investment categories (%)	
Corporate Bonds	70.06
Commercial Paper	10.54
Asset-Backed Securities	10.18
Repurchase Agreement	5.14
Certified Deposits	2.73
Government	1.08
Treasury bill	0.26
Cash	0.02

May not equal 100% due to rounding.

## Investment results

Average annual total returns (%) as of March 31, 2026

	Class A Shares	Class Y Shares	Class Institutional Shares	Class R6 Shares	Style-Specific Index
	Inception: 04/02/18	Inception: 12/10/19	Inception: 07/01/14	Inception: 05/15/20	ICE BofA U.S. Treasury Bill Index
Period	NAV	NAV	NAV	NAV	NAV
Inception	2.81	2.97	2.28	3.05	1.95
10 Years	-	-	2.59	-	2.28
5 Years	3.27	3.40	3.43	3.38	3.35
3 Years	5.08	5.19	5.21	5.16	4.79
1 Year	4.23	4.33	4.37	4.35	4.10
Quarter	0.70	0.73	0.75	0.74	0.86

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. 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. Class A shares, Class Y shares, and Institutional Class shares have no sales charges; therefore, performance is at NAV. Invesco Conservative Income Fund Class A inceptioned on 04/02/18 and Class Y inceptioned on 12/10/19. Performance shown prior to that date is that of Invesco Conservative Income Fund Institutional Class, restated to reflect the higher 12b-1 fees applicable to Invesco Conservative Income Fund Class A.

### 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.moody.com](https://www.moody.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.

BofA Merrill Lynch US Treasury Bill Index, measures total return on cash, including price and interest income, based on short term government Treasury Bills. An investment cannot be made directly into an index.

**Effective duration** is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Spread duration** measures the sensitivity of a security's price to a 100 basis point change in its OAS (Option Adjusted Spread is a methodology using option pricing techniques to value the imbedded options risk component of a bond's total spread. Imbedded options are call, put or sink features of bonds.). Often used to quantify the sensitivity of a portfolio to changes in spreads. The spread duration of a portfolio is the market weighted average of the spread duration of all of its securities. **Weighted average life (WAL)** calculates a fund's average time to maturity for all of the securities held in the portfolio, weighted to their percentage of assets in the fund. In contrast to WAM, the WAL calculation takes into account the final maturity date for each security held in the portfolio. This is a way to measure a fund's potential sensitivity to credit spread changes.

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## 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 Fund is concentrated in the financial services sector and may be susceptible to adverse economic or regulatory occurrences affecting the sector. Financial services companies are subject to extensive government regulation and are disproportionately affected by unstable interest rates, volatility in financial markets, domestic and foreign monetary policy and industry regulation changes, which could adversely affect such companies. Financial services companies may be vulnerable to unstable economic conditions due to concentrated portfolios.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

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

Although money market funds (MMFs) generally seek to preserve the value of your investment at \$1.00 per share, the Fund may lose money by investing in such funds. Sponsors of MMFs have no legal obligation to provide financial support to the MMF. A MMF's credit quality can change rapidly in certain markets, and the default of a single holding could have an adverse impact on the MMF's share price. MMF share prices can be negatively affected during periods of high redemptions, illiquid markets and/or significant market volatility.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

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's yield will vary as the short-term securities in its portfolio mature or are sold and the proceeds are reinvested in other securities. Additionally, inflation may outpace and diminish investment returns over time.

If the seller of a repurchase agreement defaults on its obligation or declares bankruptcy, delays in selling the securities underlying the repurchase agreement may be experienced, resulting in losses. The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

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](http://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.

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