

Invesco Core Plus Bond Fund

Quarterly Performance Commentary

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



Investment objective

The fund seeks total return, comprised of current income and capital appreciation.

Portfolio management

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Fund facts

| | |
|--------------------------|-----------------|
| Total Net Assets | \$4,335,873,139 |
| Total Number of Holdings | 944 |

Fund characteristics

| | |
|--------------------|-------|
| Effective Duration | 6.37 |
| WAM (years) | 12.46 |

Credit quality breakdown (% total)¹

| | |
|---------------|--------|
| Cash | -13.19 |
| AAA | 45.52 |
| AA | 6.56 |
| A | 18.78 |
| BBB | 24.98 |
| BB | 12.23 |
| B | 4.02 |
| CCC and below | 0.22 |
| Not Rated | 0.88 |

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. The fund remains underweight in Agency mortgages due to concerns about how the Fed's unwinding of its balance sheet may reduce demand. We have kept the fund's duration neutral relative to its benchmark due to interest rate volatility.

Performance highlights

- + Invesco Core Plus Bond Fund Class A shares at net asset value (NAV) had a negative return for the quarter but outperformed its benchmark, the Bloomberg US Aggregate Bond 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 communications sub-sectors.
- + Overweights in the insurance and brokerage/asset managers/exchanges sub-sectors positively affected relative performance.

Detractors from performance

- + An overweight in securitized assets such as ABS and CMBS detracted from relative performance.
- + Security selection in the REITs and finance companies sub-sectors detracted from relative performance.

| Expense ratios | % net | % total |
|----------------|-------|---------|
| Class A Shares | 0.75 | 0.80 |
| Class C Shares | 1.50 | 1.55 |
| Class Y Shares | 0.50 | 0.55 |

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, 2022 and contractual management fee waivers in effect through at least June 30, 2023. See current prospectus for more information.

Investment categories (%)

Government Bonds

US Treasuries 7.44

Corporate Bonds

US Investment Grade Bonds 29.27

US High Yield Bonds 6.48

Securitized Debt

US Residential Mortgages 27.73

US CMBS 9.33

US Asset-Backed Securities 10.56

Municipal Bonds 1.22

US Dollar Denominated Foreign Debt

Non-US Investment Grade Bonds 5.93

Non-US High Yield Bonds 2.87

Emerging Markets Debt 7.08

Sovereign Debt 4.34

Convertible Bonds 0.91

Other 0.04

Cash -13.19

May not equal 100% due to rounding.

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: 06/03/09 | NAV | Inception: 06/03/09 | NAV | Inception: 06/03/09 | |
| | Max Load 4.25% | | Max CDSC 1.00% | | | Bloomberg U.S. Aggregate Bond Index |
| Inception | 2.66 | 2.99 | 2.52 | 2.52 | 3.25 | - |
| 10 Years | 1.04 | 1.48 | 0.88 | 0.88 | 1.75 | 0.89 |
| 5 Years | -1.29 | -0.43 | -1.15 | -1.15 | -0.15 | -0.27 |
| 3 Years | -4.60 | -3.21 | -3.93 | -3.93 | -2.96 | -3.26 |
| 1 Year | -21.15 | -17.65 | -19.01 | -18.21 | -17.42 | -14.60 |
| Quarter | -8.45 | -4.38 | -5.51 | -4.57 | -4.32 | -4.75 |

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. 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 Bloomberg U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market. 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.

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 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 invests in financial instruments that use the London Interbank Offered Rate ("LIBOR") as a reference or benchmark rate for variable interest rate calculations. LIBOR will be phased out by the end of 2021, and it's anticipated that LIBOR will cease to be published after that time. To assist with the transition, US dollar LIBOR rates will continue to be published until June 2023. There is uncertainty on the effects of the LIBOR transition process, therefore any impact of the LIBOR transition on the fund or its investments cannot yet be determined. There is no assurance an alternative rate will be similar to, produce the same value or economic equivalence or instruments using the rate will have the same volume or liquidity as LIBOR. Any effects of LIBOR transition and the adoption of alternative rates could result in losses to the fund.

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.

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 may invest in privately issued securities, including 144A securities which are restricted (i.e. not publicly traded). The liquidity market for Rule 144A securities may vary, as a result, delay or difficulty in selling such securities may result in a loss to the fund.

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.