

Invesco Core Plus Bond Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of June 30, 2020



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	\$4,646,847,225
Total Number of Holdings	839

Fund characteristics

Effective Duration	5.98
WAM (years)	10.01

Credit quality breakdown (% total)¹

Cash	4.74
AAA	28.24
AA	4.78
A	17.11
BBB	33.88
BB	9.31
B	1.30
CCC and below	0.23
Not Rated	0.40

Market overview

- + US bonds, as measured by the Bloomberg Barclays US Aggregate Bond Index, delivered a positive return for the quarter. Bonds rebounded for most of the second quarter, bolstered by improving economic data and support from the Federal Reserve, but optimism faded as states began to reopen following COVID-19 restrictions.
- + The Fed committed to keep interest rates low until at least 2022, but anticipates lasting negative implications for the US labor market. The Fed also released details of its Secondary Market Corporate Credit Facility (SMCCF) plan, which included the largest sectors and issuers in its custom corporate bond index.
- + On the fiscal front, a \$3 trillion coronavirus relief bill passed by the House of Representatives met Senate resistance, leaving the next aid package unlikely to be finalized until July or August.
- + US interest rate moves boosted fixed income valuations during the quarter. The 2-year Treasury yield fell from 0.23% to 0.16% and the 10-year from 0.70% to 0.66%, while the 30-year rose slightly from 1.35% to 1.41%. The yield curve, as measured by the yield differential between the 2-year and the 30-year, steepened during the quarter.
- + The Fed's interest rate cuts and purchase programs sparked the largest credit rally since the trough of the 2008 global financial crisis. Credit issuance rose sharply from March to May. The investment grade segment alone produced \$834 billion in new issuance amid an attractive funding environment with fewer lender safeguards and covenants. Market demand for credit rose, largely due to central bank action and government stimulus, as well as improving economic signals.
- + The asset-backed (ABS) and commercial mortgage-backed (CMBS) sectors outperformed duration-matched Treasuries. The Agency mortgage-backed (MBS) sector slightly outperformed as the Fed's purchase program for Agency MBS stoked investor demand for the asset class and thus supported valuations.

Positioning and outlook

- + Medical outcomes suggest a bearish outlook, with emerging market and US infections not fully controlled and evidence of a second US wave. Economic outcomes have largely tracked to the Invesco fixed income team's base case scenario as policymakers have been willing to reopen economies while infections are not fully under control. That said, rising infections may slow the growth recovery, adding uncertainty, particularly in the US.
- + US inflation is likely to decline sharply in the near term. In Europe, we expect headline inflation to fall to 0.2 and core inflation to 0.8% due to reduced demand. In China, higher inflation in late 2019 and slowing economic growth are expected to gradually drive down headline CPI through 2020.
- + Capital markets have tracked to the bullish side, buoyed by substantial fiscal and monetary policy response. We expect central banks to maintain easy monetary policy; however, we think the bulk of their easing has already occurred. The Fed will keep policy easy for the foreseeable future and support liquidity when needed. The European Central Bank is expected to maintain its quantitative easing program until the end of 2021. Several European countries have provided fiscal stimulus in the order of 2-4% of GDP, as well as large loan guarantees. Conversely, recent comments from the People's Bank of China seem to indicate a possible pause in its monetary easing.

Performance highlights

- + Invesco Core Plus Bond Fund Class A shares at net asset value (NAV) rose for the second quarter and outperformed its benchmark, the Bloomberg Barclays US Aggregate Bond Index. (Please see the investment results table on page 2 for fund and index performance).

Contributors to performance

- + Allocations to investment grade and high-yield corporate debt aided relative return during the quarter.
- + Overweights in the technology, consumer cyclical and banking subsectors added to relative return.

Detractors from performance

- + The fund's overall duration positioning detracted from relative return.
- + Security selection in energy, transportation and financial institutions dampened results.

Expense ratios	% net	% total
Class A Shares	0.75	0.85
Class C Shares	1.50	1.60
Class Y Shares	0.50	0.60

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, 2020 and contractual management fee waivers in effect through at least June 30, 2021. See current prospectus for more information.

Investment categories (%)

Government Bonds

US Treasuries	5.93
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Corporate Bonds

US Investment Grade Bonds	32.51
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US High Yield Bonds	5.95
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Securitized Debt

US Residential Mortgages	12.37
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US CMBS	11.13
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US Asset-Backed Securities	9.91
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Municipal Bonds	0.40
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US Dollar Denominated Foreign Debt

Non-US Investment Grade Bonds	5.85
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Non-US High Yield Bonds	1.38
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Emerging Markets Debt	5.29
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Sovereign Debt	3.57
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Convertible Bonds	0.85
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Other	0.11
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Cash	4.74
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May not equal 100% due to rounding.

Investment results

Average annual total returns (%) as of June 30, 2020

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 06/03/09	Max Load 4.25%	Inception: 06/03/09	Max CDSC 1.00%	Inception: 06/03/09	
Inception	5.03	5.03	4.31	4.31	5.30	-
10 Years	4.46	4.46	3.67	3.67	4.74	3.82
5 Years	4.56	4.56	3.78	3.78	4.83	4.30
3 Years	4.76	4.76	3.98	3.98	5.05	5.32
1 Year	8.28	8.28	6.37	7.37	8.54	8.74
Quarter	7.37	7.37	6.18	7.18	7.53	2.90

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. 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 Barclays 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.

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.

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. 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.