

Invesco Oppenheimer Rochester High Yield Municipal Fund

Quarterly Performance Commentary

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



LIPPER FUND AWARD FROM REFINITIV

2019 WINNER
UNITED STATES

Class Y shares (ORNYX): Best among 44 High Yield Municipal Debt Funds for the 3-year period and best among 36 High Yield Municipal Debt Funds for the 5-year period ending 11/30/18 based on risk-adjusted performance.

Investment objective

The fund seeks tax-free income.

Portfolio management

Scott Cottier, Mark E. Paris

Fund facts

Nasdaq	A: ORNAX	C: ORNCX Y: ORNYX
Total Net Assets	\$7,567,198,970	
Total Number of Holdings	1436	

Fund characteristics

Average Effective Maturity (years)	9.44
Option Adjusted Duration	8.54
Distribution Frequency	Monthly

Investment categories (%)

Revenue Bonds	87.70
General Obligation Bonds	9.53
Prerefunded/ETM	2.91
Cash	-0.15

May not equal 100% due to rounding.

Credit quality breakdown (% total)¹

AAA	5.74
AA	20.19
A	8.36
BBB	9.49
BB	5.46
B	6.10
Other	6.56
Not Rated	38.10

Market overview

- + Strong market technicals, with a favorable balance of supply and demand, have continued to support municipal bond results.
- + We believe tax changes resulting from the Tax Cuts and Jobs Act (TCJA) of 2017 will remain a primary demand driver for municipal bonds. Under the new law, the \$10,000 cap on state and local tax deductions, the so-called SALT cap, has caused surprisingly larger individual tax bills for people in states with high income taxes (especially states like California, New York and New Jersey). Although the TCJA went into effect on Jan. 1, 2018, many investors did not fully understand the personal impact until they filed tax returns in spring of 2019. Inflows to municipal mutual funds now total \$67 billion year-to-date, on pace for a record year. Positive inflows began in January and continued through the end of the third quarter as investors realized the ramifications of the state and local tax deduction cap. High-yield municipals did experience brief outflows in September due to a US Treasury selloff.
- + During the quarter, positive market performance stemmed, in part, from escalating US/China trade tensions, including President Trump's announcement that he would impose 10% tariffs on \$300 billion in Chinese imports. This drove investors to bonds, which are perceived as a safe haven.
- + Outperformance in the hospital and tobacco sectors were the primary drivers of positive total returns across the municipal bond yield curve. Within the investment grade segment, lower-rated investment grade credits outperformed their higher-quality counterparts.
- + New municipal issuance during the quarter totaled \$103 billion. This brings year-to-date issuance to \$277 billion, 10% higher than the same period last year. Steady issuance is expected to continue through year end as issuers take advantage of historically low rates.
- + As expected by market consensus, the US Federal Reserve cut interest rates by 0.25% on July 31st and by another 0.25% on September 18th. According to Fed Chairman Powell's comments, these cuts are a mid-cycle adjustment rather than a series of aggressive cuts. However, his comments have not stopped the market from pricing in additional cuts. Meanwhile, lack of consensus among Fed governors regarding rate cuts has trickled into general market sentiment, resulting in increased volatility among risk assets.

Positioning and outlook

- + We maintain the portfolio's preference for revenue bonds over general obligation bonds. Among revenue bonds, the largest allocations were in the tobacco and sales tax revenue sectors.
- + Our goal is to deliver a highly competitive yield through an opportunistic approach that seeks to identify sectors and individual securities offering an attractive balance of reward and risk.
- + Approximately 38% of fund holdings are non-rated by national agencies, but are assigned internal proprietary ratings that allow us to take advantage of pricing anomalies in the high-yield municipal market.
- + Looking ahead, municipal fundamentals should remain strong. We believe the state and local tax deduction limit will continue to be a performance driver, though not to the same magnitude seen thus far in 2019.

Performance highlights

- + Invesco Oppenheimer Rochester High Yield Municipal Fund Class A shares at net asset value (NAV) returned 3.16% for the third quarter, outperforming its benchmark, the Barclays Municipal Bond Index, which returned 1.58%. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + Security selection in the tobacco and sales tax revenue sectors added to relative results.
- + On a state level, security selection among Puerto Rico and California issues added to relative return.

Detractors from performance

- + Exposure to the paper, containers and packaging sector detracted from relative return.
- + On a state level, holdings of Washington issues detracted from relative results.

Expense ratios	% net	% total
Class A Shares	1.02	1.02
Class C Shares	1.67	1.67
Class Y Shares	0.77	0.77

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 May 28, 2021. See current prospectus for more information.

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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: 10/01/93	NAV	Inception: 08/29/95	NAV	Inception: 11/29/10	
	Max Load 4.25%		Max CDSC 1.00%			Bloomberg Barclays Municipal Bond Index
Inception	4.88	5.06	4.84	4.84	8.44	-
10 Years	7.02	7.49	6.72	6.72	-	4.16
5 Years	7.11	8.05	7.30	7.30	8.30	3.66
3 Years	6.12	7.67	6.99	6.99	7.92	3.19
1 Year	7.22	11.99	10.48	11.48	12.43	8.55
Quarter	-1.16	3.16	2.00	3.00	3.36	1.58

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and 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.moody.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.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

Income may be subject to state and local taxes. There is no guarantee that the fund's income will be exempt from federal income taxes, including the alternative minimum tax. 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 Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market. An investment cannot be made directly in an index.

Option adjusted duration is a measure, as estimated by the fund's portfolio managers, of a bond fund's price sensitivity to changes in interest rates. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Average effective maturity (AEM)** is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

About risk

All or a portion of the fund's otherwise tax-exempt income may be subject to the federal alternative minimum tax.

The Fund may use leverage to seek to enhance income, which creates the likelihood of greater volatility of the Fund's shares and may also impair the ability to maintain its qualification for federal income tax purposes as a regulated investment company.

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.

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.

Inverse floating rate obligations may be subject to greater price volatility than a fixed income security with similar qualities. When short-term interest rates rise, they may decrease in value and produce less or no income and are subject to risks similar to derivatives.

Municipal securities have the risk that legislative or economic conditions could affect an issuer's ability to make principal and/or interest payments.

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.