

Invesco Oppenheimer Rochester High Yield Municipal Fund

Quarterly Performance Commentary

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



REFINITIV LIPPER FUND AWARDS

2020 WINNER
UNITED STATES

Class Y shares (ORNYX): Best among 45 and 40 High Yield Municipal Debt Funds for the 3-year and 5-year periods respectively ending 11/30/19 based on risk-adjusted performance.

Investment objective

The fund seeks tax-free income.

Portfolio management

Michael Camarella, Scott Cottier, Mark DeMistry, Tim O'Reilly, Mark E. Paris, Julius D. Williams

Fund facts

Total Net Assets	\$6,915,520,939
Total Number of Holdings	1421

Fund characteristics

Weighted Average Maturity (years)	24.04
Option Adjusted Duration	11.07

Investment categories (%)

Revenue Bonds	87.21
General Obligation Bonds	10.82
Prerefunded/ETM	0.44
Cash/Other	1.52

May not equal 100% due to rounding.

Credit quality breakdown (% total)¹

Cash	-3.83
Prerefunded/ETM	0.44
AAA	2.98
AA	19.97
A	9.02
BBB	8.58
BB	8.46
B	1.77
Other	6.74
Not Rated	45.87

Market overview

- + For the second quarter of 2020, the Bloomberg Barclays Municipal Index and the Bloomberg Barclays High Yield Municipal Index returned 2.73% and 4.55%, respectively. Investors continued to sell off municipal bonds in April amid disruption from the COVID-19 pandemic. However, May and June saw improved performance despite ongoing turmoil.
- + As April began, many states maintained quarantines with indeterminate timelines for closures of non-essential businesses. Ten-year AAA-rated municipals began the quarter trading at yields roughly 283% of the yield on comparable maturity US Treasuries, and as of quarter-end were trading at 135%, still well above the historical norm of approximately 90%.
- + New issuance totaled \$107 billion for the quarter, up 15% from both last quarter and the same quarter last year. At the beginning of the quarter, high-yield municipal bond funds continued to experience substantial outflows. These funds generally hold anywhere from 30% to 60% of their portfolios in investment grade securities. Consequently, funds had been selling both high-yield and investment grade securities into a distressed market to meet shareholder redemptions, causing price declines across the municipal universe.
- + Thus far, federal assistance to the municipal market has included the Federal Reserve's plan to purchase up to \$500 billion in short-term municipal bonds to relieve pressure on short-term paper. Additionally, the Municipal Liquidity Facility (MLF) enables select large borrowers - two issuers per state, city or county are eligible - to use proceeds from the sale of notes to service their debt payments. Specific sectors such as airlines, transportation and hospitals have also received federal funding. These stimulus packages and those in other market segments are likely to push taxes higher. Because municipal bonds are one of few income sources not subject to federal taxes, their income should be more attractive if taxes rise.
- + Municipal credits have a long history of low default rates as many provide essential services. Despite speculation, a flurry of downgrades has not yet occurred, mainly because most issuers have a rainy-day fund or cash on hand for difficult times. While we do not anticipate mass defaults, there could be hotspots, most likely among issuers in trouble before COVID-19.

Positioning and outlook

- + We maintain the portfolio's preference for revenue bonds over general obligation bonds.
- + 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 46% 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.
- + Though we cannot predict when the coronavirus pandemic will abate or how acute market volatility will be going forward, we continue to rely on our critical credit research to take advantage of marketplace dislocations to add value during this time of uncertainty.

Performance highlights

- + Invesco Oppenheimer Rochester High Yield Municipal Fund Class A shares at net asset value (NAV) returned 5.32% for the second quarter, compared to its benchmark, the Barclays Municipal Bond Index, which returned 2.72%. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + Security selection in BBB-rated issues added to relative return.
- + Overweights in tobacco bonds and in the tax-backed sector added to relative return.
- + Security selection among California and Ohio domiciled bonds added to relative return.

Detractors from performance

- + Security selection among bonds with a duration between 7 and 10 years detracted from relative return.
- + Underweights in the dedicated tax and life care sectors detracted from relative return.
- + Security selection among Wisconsin and Arizona domiciled issues detracted from relative results.

Expense ratios	% net	% total
Class A Shares	0.95	0.95
Class C Shares	1.60	1.60
Class Y Shares	0.70	0.70

Per the current prospectus

Lipper rankings

Class A Shares of the fund ranked 11 of 189, 2 of 163, 2 of 140, and 1 of 95 within the Lipper High Yield Municipal Debt Funds Category for the one, three, five and 10 years, respectively.

Source: Lipper Inc.

From Lipper Fund Awards from Refinitiv, ©2020 Refinitiv. All rights reserved. Used under license. The 2020 Lipper Fund Award winners are selected based on the highest risk-adjusted performance among funds within a given category. The calculation periods extend over 36, 60, and 120 months. The highest Lipper Leader for Consistent Return (Effective Return) value within each eligible classification determines the fund classification winner over three, five or 10 years. A high Lipper rating does not necessarily imply that a fund had the best total performance or that the fund achieved positive results for that period. Lipper Inc. is a major independent mutual fund tracking organization. Other share classes may have different performance characteristics.

Investment results

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

	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 10/01/93		Inception: 08/29/95		Inception: 11/29/10	
	Max Load 4.25%	NAV	Max CDSC 1.00%	NAV	NAV	Bloomberg Barclays Municipal Bond Index
Inception	4.74	4.91	4.69	4.69	7.77	-
10 Years	6.84	7.30	6.54	6.54	-	4.22
5 Years	6.95	7.87	7.13	7.13	8.09	3.93
3 Years	5.08	6.60	5.91	5.91	6.88	4.22
1 Year	-1.13	3.20	1.49	2.47	3.48	4.45
Quarter	0.80	5.32	4.11	5.11	5.27	2.72

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.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.

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. **Weighted average 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

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. 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.