

Invesco Income FundSM

Quarterly Performance Commentary

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



Investment objective

The fund's investment objective is current income, and secondarily, capital appreciation.

Portfolio management

Philip Armstrong, Mario Clemente, Kevin Collins, Clint W. Dudley, David Lyle, Brian Norris

Fund facts

Total Net Assets	\$468,273,462
Total Number of Holdings	327

Fund characteristics

WAM (years)	6.97
Effective Duration	3.26
Distribution Frequency	Monthly

Credit quality breakdown (% total)¹

Cash	0.17
AAA	4.57
AA	3.72
A	12.00
BBB	53.43
BB	7.78
B	5.16
REITs	7.79
FX	0.05
Not Rated	5.33

Market overview

- + US bonds posted strong nominal results for the quarter as rates fell precipitously amid a decelerating global economy and persistent trade disputes between the US and China. Global risks remained a headwind to growth, especially in Europe given uncertainties of Brexit, auto tariffs and Italy's ongoing crisis. The Federal Reserve cut the federal funds rate by 0.25% twice during the quarter, lowering the overnight yield's target range to 1.75% - 2.00%. Bond markets responded well to these policy actions and, at quarter end, US markets were still pricing in additional Fed rate cuts.
- + The yield curve, as measured by the yield differential between 2-year and 30-year Treasuries, flattened notably, driven by investor concerns about global growth and modest inflation risks.
- + Structured credit sectors - commercial mortgage-backed (CMBS), asset-backed (ABS) and residential mortgage backed (RMBS) securities - posted positive returns amid the fervor for yield, as these sectors are less affected by declining global growth due to their underlying US collateral. The Agency mortgage-backed securities (MBS) sector marginally outperformed comparable maturity Treasuries, even as falling interest rates escalated prepayment risks.
- + Yield spreads between US investment grade credit and comparable duration US Treasuries narrowed during the quarter, slightly rewarding credit investors. High-yield credit also delivered a positive return largely due to the tailwind provided by lower government rates as credit spreads between high-yield and Treasuries widened slightly during the quarter.
- + The emerging market debt sector had a positive return for the quarter despite a challenging environment for credit markets within the asset class.

Positioning and outlook

- + We do not foresee a significant slowdown in US growth, but downside risks loom. US manufacturing data has slowed, and consumption data likely peaked in the second quarter. Though this backdrop is positive for US Treasuries, valuations appear to be high and currently reflect expectations for one more Fed rate cut in 2019.
- + The fund is heavily focused in US structured securities - CMBS, ABS and RMBS - which, in our view, still offer enhanced yield, supportive fundamentals and favorable supply/demand dynamics.
- + Within CMBS, we believe senior non-Agency CMBS offers attractive income and potential for incremental narrowing of the yield advantage over Treasuries in the near term. We currently prefer seasoned subordinate credits that benefit from embedded property price appreciation and declining sensitivity to changes in credit spreads.
- + Within RMBS, we favor high quality non-qualified mortgages to take advantage of a widening of the yield advantage over Treasuries that is related to elevated supply of RMBS.
- + Regarding ABS, we see value in high quality sectors within the benchmark, as well as certain sectors not represented in the benchmark that continue to benefit from the inversion at the short end of the yield curve (shorter maturity securities yielding more than securities that are longer) and attractive yield.
- + The fund has allocations to emerging market debt and high-yield corporates, consisting of issues where we have high conviction in favorable performance. The fund also has an allocation to mortgage REITs.

Performance highlights

- + Invesco Income Fund Class A shares at net asset value (NAV) underperformed its broad-based benchmark for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + The fund's security selection within the CMBS sector boosted relative return.
- + The fund's allocation to high-yield credit, which is not represented in the index, also added to relative return for the quarter.

Detractors from performance

- + The fund's duration and yield curve positioning detracted from relative return for the quarter.
- + The fund's underweight in MBS also dragged on relative performance.

Expense ratios	% net	% total
Class A Shares	1.08	1.08
Class Y Shares	0.83	0.83
Class R Shares	1.33	1.33
Class R6 Shares	0.70	0.70
Class R5 Shares	0.73	0.73

Per the current prospectus

Investment categories (%)

CMBS	31.46
Non-Agency MBS	27.45
ABS	19.99
Emerging Market Debt	8.49
REITs	7.79
US Treasuries	2.36
High Yield Corporates	0.83
US Agency MBS	0.41
FX	0.05
Derivatives	0.30
Cash	0.86

May not equal 100% due to rounding.

Investment results

Average annual total returns (%) as of Sept. 30, 2019

	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Broad-Based Index
Inception:	04/28/87	10/03/08	06/03/02	04/04/17	04/29/05	
	NAV	NAV	NAV	NAV	NAV	Bloomberg Barclays U.S. Aggregate Bond Index
Inception	4.97	3.04	3.03	-	3.59	-
10 Years	2.35	2.61	2.10	2.42	2.72	3.75
5 Years	2.03	2.29	1.78	2.17	2.39	3.38
3 Years	1.41	1.67	1.16	1.64	1.76	2.92
1 Year	6.44	6.70	6.17	6.63	6.75	10.30
Quarter	2.05	2.12	1.99	2.15	2.14	2.27

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. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Class R5 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. 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 Rating Services (S&P), Moody's Investor Services (Moody's), Fitch Ratings (Fitch), Kroll Bond Rating Agency, Inc (Kroll), DBRS Limited (DBRS) or Morningstar Credit Ratings LLC (Morningstar), as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSR) 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 notices. Rating are initially measured by taking the middle of three or lower of two ratings from Moody's, S&P, or Fitch at a security level where applicable. Securities not rated by Moody's, S&P or Fitch are measured by taking the middle of three or lower of two ratings from Kroll, DBRS, or Morningstar. Not Rated indicates that the debtor was not rated and should not be interpreted as indicating low quality. 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; www.krollbondratings.com and select 'Methodologies' under Understanding Ratings on the homepage; www.dbrs.com and select 'Understanding Ratings' on the homepage; ratingagency.morningstar.com and select 'Methodologies and Guidelines' under Ratings/Surveillance on the homepage.

■ Effective July 26, 2018, the Invesco U.S. Government Fund was renamed Invesco Income Fund. The fund's investment objective, policy and strategy also changed. Please see the prospectus for additional information.

Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional 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. **Weighted average effective 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

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.

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.

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 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.