Invesco Global Strategic Income Fund

Q2 2024

Key takeaways

1 The fund outperformed for the quarter

The fund outperformed its benchmark for the quarter. The fund's interest rate and credit exposure added to relative return, while foreign currency exposure detracted.

2 Opportunity to benefit from income

Income levels in global fixed income markets are attractive, in our view, particularly in emerging markets where nominal and real interest rates have remained elevated and inflation has generally continued to fall.

3 Macroeconomic conditions appear to be aligning for global fixed income

We believe improving global growth and loosening financial conditions across developed and emerging markets will benefit global fixed income. We anticipate the US dollar could begin to weaken if and when the US Federal Reserve (Fed) begins cutting interest rates.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM ($M)	1,536.54

Portfolio managers

Hemant Baijal, Christopher Kelly, Kristina Campmany, Michael Block, Wim Vandenhoeck

Manager perspective and outlook

- Global economic growth broadened in the second quarter, with some divergence. US economic resilience continued, though down from a higher level. Eurozone growth improved from a lower base and some emerging countries (such as India), in our view, really shined.
- Select developed market central banks, including the European Central Bank, made their first interest rate cuts, as disinflation resumed after a first quarter setback. The Fed and the Bank of England remained on hold, but signaled easing in the second half.
- Disinflation continued in emerging markets, though slower and more varied across countries. Central banks in Latin America and Central and Eastern Europe continued to ease policy rates, while Asian central banks stayed on hold.
- Elections may be pivotal market drivers this year, with approximately 76 nations holding elections in 2024. While most have had limited effect thus far, we have been starting to see implications of policy uncertainty in certain countries.
- The US dollar remained rangebound, ending the quarter up 1.4%. We think the dollar could begin to weaken this year if and when the Fed begins cutting rates.
- Overall, we maintain a constructive outlook for global fixed income, led by emerging markets. Robust income levels and attractive interest rate differentials versus developed markets, in our view, offer income generation; individual country dynamics offer compelling total return opportunities.

Portfolio characteristics*

Effective duration (years)	4.41
Weighted avg. effective maturity (years)	5.04
30-day SEC yield (Class A shares)	5.08
30-day SEC unsubsidized yield (Class A shares)	5.08

Quality breakdown (% total)

AAA	0.5
AA	21.5
A	5.5
BBB	28.2
BB	27.2
B	5.1
CCC and below	0.9
Not rated	4.7
Cash and Cash equivalent	10.8
Derivatives & FX	-4.4

Investment categories (% total)

Securitized	**30.4**
MBS	25.4
ABS	4.0
CMBS	0.9
Emerging Market Debt	**24.2**
Emerging Market Sovereign Bonds	20.3
Emerging Market Corporate Bonds	4.0
US Debt	**20.7**
US Investment Grade Bonds	11.2
US High Yield Bonds	8.9
US Loans	0.6
Non-US Debt	**14.9**
Non-US Investment Grade Bonds	7.1
Non-US High Yield Bonds	6.2
Non-US Sovereign Bonds	1.6
Cash & Cash Equivalent	**10.8**
Derivatives & FX	**-4.4**
Other	**3.5**

Portfolio positioning

During the quarter, we reduced the fund's foreign currency exposure, primarily by decreasing exposure to the Chinese Yuan and Indonesian Rupiah, while increasing exposure to the Euro. We increased duration exposure, primarily by reducing the underweight in developed markets. Credit exposure increased for the quarter, mainly due to an increase in Agency mortgages.

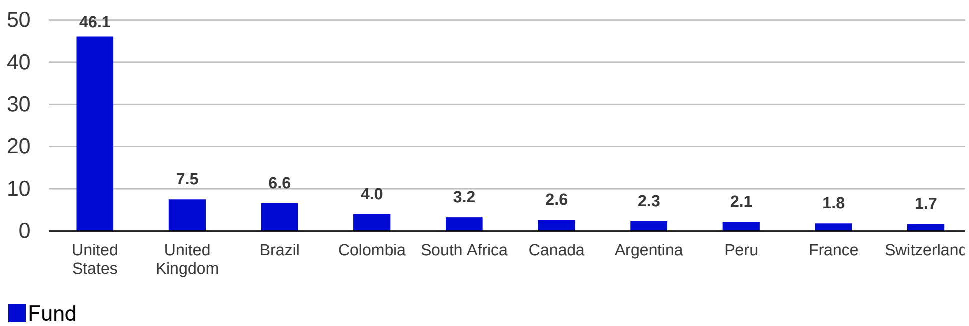
In line with our expectations, global economic growth has remained resilient while disinflation has generally continued. In emerging markets, central banks generally continued to cut rates in the second quarter, but largely maintained a bias toward restrictive monetary policy. Going forward, we believe the beginning of the Fed easing cycle is approaching and expect that emerging market central banks will be able to focus more on the domestic dynamics driving their monetary policies, after their focus on external shocks in the first half of 2024.

With US inflation data moderating and the labor market softening, market expectations have been building for a Fed rate cut in September. We still expect two Fed rate cuts this year, which should, in our view, be tailwinds for global markets, particularly emerging markets whose economies have been enjoying solid growth and low(er) inflation. In addition, we anticipate the US dollar could start to weaken if and when the Fed begins cutting interest rates.

Overall, we expect a favorable environment for global fixed income in the second half of 2024, led by emerging markets. Varying inflation and growth dynamics across different economies create, in our view, interesting opportunities. In certain countries, political (judicial independence in Mexico) and fiscal (Brazil) developments have been redirecting the attention of market participants beyond economic fundamentals, which has been keeping monetary policy normalization relatively gradual. Going forward, we expect greater variation in interest rates due to domestic policies rather than foreign exchange rates. We believe exchange rates will be more influenced by the US dollar trajectory.

As an active manager, we see a promising opportunity set to capitalize on. We believe income generation remains attractive, while diverging individual country dynamics offer compelling total return opportunities.

Top countries (% of total net assets)



Top/bottom rates relative returns

	bps
United States	25
Japan	20
South Africa	19
China	-12
Brazil	-13
Mexico	-14

Top/bottom FX rates relative returns

	bps
JPY	32
CLP	21
ZAR	19
ARS	-29
MXN	-57
BRL	-60

Top/bottom credit relative returns

	bps
United Kingdom	6
France	6
Ukraine	0
China	-1
Portugal	-2

Performance highlights

The fund's Class A shares at net asset value (NAV) outperformed its benchmark for the quarter. The fund's interest rate positioning and credit exposure added to relative return while foreign currency exposure detracted from relative return. The top contributors to relative return were credit exposure in the European Union, interest rate positioning in the US and positioning in the Japanese Yen. The largest detractors were positioning in the Brazilian Real, Mexican Peso and Argentinian Peso.

Contributors to performance

- Credit exposure in the European Union
- Interest rate positioning in the US
- Positioning in the Japanese Yen

Detractors from performance

- Positioning in the Brazilian Real
- Positioning in the Mexican Peso
- Positioning in the Argentinian Peso

Standardized performance (%) as of June 30, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 10/16/89	NAV	-0.24	-0.47	4.31	-1.74	-0.53	0.87	5.70
	Max. Load 4.25%	-4.55	-4.71	-0.21	-3.13	-1.40	0.43	5.57
Class R6 shares inception: 01/27/12	NAV	-0.48	-0.63	4.67	-1.42	-0.25	1.25	2.17
Class Y shares inception: 01/26/98	NAV	-0.50	-0.36	4.57	-1.52	-0.35	1.08	4.38
Bloomberg Global Aggregate Index		-1.10	-3.16	0.93	-5.49	-2.02	-0.42	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	26% (42 of 164)	26% (38 of 163)	28% (34 of 145)	13% (17 of 121)	-

Expense ratios per the current prospectus: Class A: Net: 1.05%, Total: 1.05%; Class R6: Net: 0.70%, Total: 0.70%; Class Y: Net: 0.81%, Total: 0.81%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com 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 so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. 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: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	2.63	-2.35	6.36	6.22	-4.69	10.58	3.51	-3.24	-11.79	8.65
Class R6 shares at NAV	3.07	-2.20	7.11	6.66	-4.36	10.72	3.88	-2.91	-11.27	9.04
Class Y shares at NAV	2.90	-2.11	6.62	6.47	-4.46	10.84	3.76	-3.28	-11.62	8.93
Bloomberg Global Aggregate Index	0.59	-3.15	2.09	7.39	-1.20	6.84	9.20	-4.71	-16.25	5.72

Unless otherwise specified, all information is as of 06/30/24. Unless stated otherwise, Index refers to Bloomberg Global Aggregate Index.

The Bloomberg Barclays Global Aggregate Index is an unmanaged index considered representative of global investment-grade, fixed-income markets. An investment cannot be made directly in an index.

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.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

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.

Most senior loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation, and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

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.

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.

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.
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. 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 rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; www.ratings.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.

*** 30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Weighted average maturity** 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.

Morningstar

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.