Invesco AMT-Free Municipal Income Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of March 31, 2023

REFINITIV LIPPER FUND AWARDS

2023 WINNER
UNITED STATES

Class Y shares (OMFYX): Best among 81 General & Insured Municipal Debt Funds for the 5-year period and best among 66 General & Insured Municipal Debt Funds for the 10- year period ending 11/30/22 based on consistently strong risk-adjusted performance.

Investment objective

The fund seeks tax-free income.

Portfolio management

Joshua Cooney, Elizabeth Mossow, Tim O'Reilly, Mark E. Paris, Julius D. Williams

Fund facts

Total Net Assets	$2,370,049,619
Total Number of Holdings	682

Fund characteristics

Weighted Average Maturity (years)	18.65
Option Adjusted Duration	8.80

Investment categories (%)

Revenue Bonds	79.74
General Obligation Bonds	15.64
Prerefunded/ETM	2.80
Cash/Other	1.81

May not equal 100% due to rounding.

Credit quality breakdown (% total)[1]

Cash	-0.13
Prerefunded/ETM	2.80
AAA	5.90
AA	37.54
A	29.33
BBB	9.67
BB	0.77
B	0.09
Other	0.84
Not Rated	13.20

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

+ For the first quarter of 2023, the Bloomberg Municipal Bond Index and the Bloomberg High Yield Municipal Bond Index returned 2.78% and 2.73%, respectively, while the Bloomberg Taxable Municipal Bond Index returned 5.21%.[2]
+ Supported by the January reinvestment season, municipal bonds began the year on a positive note with both strong performance and inflows into the asset class. This reversal of 2022's trend was short-lived as municipals lost momentum after the February Federal Reserve (Fed) meeting.
+ In its ongoing quest to stem inflation, the Fed raised the federal funds rate by 0.25% in February and another 0.25% in March, bringing the target rate to 5.00%, its highest since 2008. The Fed's monetary policy is the most aggressive it has been since the 1980s, with seven rate hikes last year alone.[3]
+ While the quarter began with concerns about inflation and interest rates, the focus unexpectedly shifted. On March 10th, Silicon Valley Bank (SVB) collapsed after a bank run, marking the second-largest bank failure in US history. Fears about the health of the global banking system ensued, and demand for perceived safe-haven asset classes increased, driving down Treasury and municipal yields. Banks have about $130 billion in available for sale (AFS) bonds and more in held to maturity (HTM) bonds that are carried at amortized cost and are much harder to sell. HTM holdings also contain unrealized losses that would be realized only if the bonds are moved to AFS and sold. We believe sizeable liquidations of municipals are unlikely, although there may be some selling by select regional banks.
+ Investment outflows from municipal bond funds totaled approximately $1.7 billion in the first quarter, which represented slowing compared to the record annual outflows of $122 billion in 2022.[3] First quarter new issuance was $74 billion, 29% lower than the same period in 2022.[3] Tax-exempt supply accounted for $63 billion of the total, also lower than historical norms, as issuers with cash on their balance sheets have been reluctant to take on debt at higher interest rates.[3] Overall, we believe tax-exempt supply should remain manageable in 2023.
+ Entering 2023, strong tax revenues and the effect of federal pandemic aid continued to bolster the fiscal health of municipal credits. Rainy day funds in 37 states have hit all-time highs, reaching their highest levels in more than 20 years at the end of 2022.[4] Furthermore, we've seen a series of credit ratings upgrades, with upgrades exceeding downgrades for the second year in a row.[5]

Positioning and outlook

+ We maintain a positive outlook for municipal credits as most municipalities are flush with cash, rainy day funds are near record highs and revenues are still strong. Furthermore, we believe fiscal support from the American Rescue Plan Act, the Infrastructure Investment and Jobs Act and the Inflation Reduction Act will be beneficial to municipals over the coming years. As always, we rely on our experienced credit research staff to navigate the marketplace in order to add value for shareholders.

Performance highlights

+ Invesco AMT-Free Municipal Income Fund Class A shares at net asset value (NAV) returned 3.43% for the first quarter, outperforming its style-specific benchmark, the S&P Municipal Bond 5+ Year Investment Grade Index, which returned 3.06%. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

+ An overweight in non-rated issues added to relative return during the quarter.
+ Security selection and an overweight in tobacco settlement bonds contributed to relative performance.
+ An overweight in bonds domiciled in Puerto Rico also added to relative return.

Detractors from performance

+ Underweight exposure to bonds rated AAA and AA detracted from relative return during the quarter.
+ Security selection in local general obligation bonds also detracted from relative performance.
+ Security selection and an underweight in bonds domiciled in California detracted from relative results.

Expense ratios	% net	% total
Class A Shares	0.80	0.80
Class C Shares	1.56	1.56
Class Y Shares	0.56	0.56

Per the current prospectus

Lipper Fund Awards from Refinitiv, ©2023 Refinitiv. All rights reserved. Used under license. The 2023 Lipper Fund Award winners are selected based on consistently strong risk-adjusted returns 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 March 31, 2023

	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 10/27/76		Inception: 08/29/95		Inception: 11/29/10	
Period	**Max Load 4.25%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**S&P Municipal Bond 5+ Year Investment Grade Index**
Inception	5.43	5.53	4.03	4.03	6.15	-
10 Years	3.71	4.16	3.53	3.53	4.39	2.69
5 Years	2.84	3.74	2.96	2.96	3.97	2.12
3 Years	-0.32	1.13	0.32	0.32	1.32	0.07
1 Year	-6.33	-2.12	-3.86	-2.91	-2.04	-0.61
Quarter	-0.97	3.43	2.11	3.11	3.35	3.06

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.
2 Source: Bloomberg
3 Source: JP Morgan
4 Source: National Association of State Budget Officers
5 Source: Standard & Poor's, December 31, 2022.
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.
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.
S&P Muncipal Bond 5+ Year Investment Grade Index is a sub-set of the broad S&P Municipal Bond Index. This index of market value-weighted investment grade U.S. municipal bonds seeks to measure the performance U.S. municipals whose maturities are greater than or equal to 5 years. An investment cannot be made directly in an index.
The Bloomberg Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market. An investment cannot be made directly in an index.
The Bloomberg Municipal High Yield Bond Index is an unmanaged index considered representative of noninvestment-grade bonds. 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.

The investment techniques and risk analysis used by portfolio managers may not produce desired results.

The Fund may invest in municipal securities issued by entities having similar characteristics, which may make the Fund more susceptible to fluctuation.

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

Certain of the municipalities in which the Fund invests, including Puerto Rico, currently experience significant financial difficulties. Puerto Rico's economic problems increase the risk of investing in Puerto Rican municipal obligations, including the risk of potential issuer default, heightens the risk that the prices of Puerto Rican municipal obligations, and the Fund's net asset value, will experience greater volatility. See the prospectus for more information.

There is no guarantee that the Fund's income will be exempt from federal and state income taxes.

Based on a Master Settlement Agreement (''MSA'') with 46 states and six other US jurisdictions, large US tobacco manufacturers have agreed to make annual payments to government entities in exchange for the release of all litigation claims. Several states have sold bonds backed by those future payments, including (i) bonds that make payments only from a state's interest in the MSA and (ii) bonds that make payments from both the MSA revenue and from an ''appropriation pledge'' by the state which requires the state to pass a specific periodic appropriation to make the payments and is generally not an unconditional guarantee of payment by a state. Settlement payments are based on factors, including, but not limited to, annual domestic cigarette shipments, cigarette consumption, inflation and the financial capability of participating tobacco companies. Payments could be reduced if consumption decreases, if market share is lost to non-MSA manufacturers, or if there is a negative outcome in litigation regarding the MSA, including challenges by participating tobacco manufacturers regarding the amount of annual payments owed under the MSA.

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.

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 financial professionals for a prospectus/summary prospectus or visit 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.