

# Invesco Oppenheimer Limited-Term Bond Fund

## Quarterly Performance Commentary

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



### Investment objective

The fund seeks income.

### Portfolio management

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### Fund facts

|                          |                 |                      |
|--------------------------|-----------------|----------------------|
| Nasdaq                   | A: OUSGX        | C: OUSCX<br>Y: OUSYX |
| Total Net Assets         | \$1,712,068,164 |                      |
| Total Number of Holdings | 767             |                      |

### Fund characteristics

|                        |         |
|------------------------|---------|
| WAM (years)            | 2.93    |
| Effective Duration     | 1.67    |
| Distribution Frequency | Monthly |

### Investment categories (%)

|                         |       |
|-------------------------|-------|
| ABS                     | 15.15 |
| CMBS                    | 3.83  |
| Agency MBS              | 6.13  |
| Non-Agency MBS          | 7.29  |
| Investment Grade Credit | 61.08 |
| High Yield Credit       | 7.37  |
| Cash                    | -0.85 |

May not equal 100% due to rounding.

### Credit quality breakdown (% total)<sup>1</sup>

|              |       |
|--------------|-------|
| Cash         | -0.85 |
| AAA          | 10.64 |
| AA           | 3.45  |
| A            | 17.57 |
| BBB          | 59.81 |
| BB and below | 9.25  |
| Not Rated    | 0.12  |

### Market overview

- + Market volatility persisted over the third quarter amid global economic and geopolitical concerns. Trade tensions between the US and China escalated, and the process for the UK's exit from the European Union remains unresolved, while global growth appears to be slowing.
- + Business investment slowed and confidence weakened in this environment of heightened uncertainty, downside risks to global growth and

low inflation, leading global central banks to assume a more accommodative monetary stance. The US Federal Reserve ended its balance sheet normalization ahead of schedule and at the end of July announced its first interest rate cut since 2008. The Fed subsequently cut the federal funds target rate again in September, both times by 0.25%. The target range was 1.75% - 2.00% at quarter end.

### Positioning and outlook

- + On a sector level, the allocation to Agency MBS significantly decreased as a result of valuations, moving from an overweight position to an underweight. The team maintains the fund's strategic underweight in US Treasuries and an overweight in CMBS, while remaining more senior in the structure. Though keeping the fund overweight in investment grade corporate credit, we are monitoring valuations and are less likely to meaningfully increase overall credit risk unless we identify specific relative value opportunities.
- + Interest rate expectations have downshifted as the Fed has communicated its commitment to a supportive monetary policy stance in the face of low inflation, global growth deceleration and trade policy uncertainty. With inflation below target and likely to remain so until 2020, we think there could potentially be additional Fed rate cuts next year.
- + Though the recent yield curve inversion was disconcerting, we note that such temporary distortions are not typically what cause recessions. Lower funding costs are a positive for risk assets overall, and once the current market turbulence recedes, we largely expect a steady state to prevail. Our positive outlook for bank lending is unchanged, and we anticipate that will continue. We expect consumer spending to remain resilient in response to a solid job market, wage gains, low household debt and continued confidence. That said, we acknowledge that the US economy and markets are vulnerable to slowing global growth, and we are on the lookout for potential spillover effects from trade tensions, particularly because we still believe this is the fourth quarter of the overall credit cycle.

### Performance highlights

- + Against this backdrop, the fund's Class A shares at net asset value (NAV) returned 0.93% for the quarter, outperforming the 0.71% return of the Bloomberg Barclays U.S. Aggregate Bond 1-3 Year Index. (Please see the investment results table on page 2 for fund and index performance.)
- + During the quarter, strong security selection in the investment grade credit sector was the primary contributor to performance relative to the index. The primary detractor from relative performance was the allocation to non-Agency mortgage-backed securities (MBS).

| Expense ratios | % net | % total |
|----------------|-------|---------|
| Class A Shares | 0.75  | 0.76    |
| Class C Shares | 1.51  | 1.51    |
| Class Y Shares | 0.45  | 0.51    |

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.

## 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:<br>08/16/85 | Max<br>Load<br>2.50% | Inception:<br>12/01/93 | Max<br>CDSC<br>1.00% | Inception:<br>05/18/98 |                      |
| Inception | 5.54                   | 5.61                 | 4.18                   | 4.18                 | 4.29                   | -                    |
| 10 Years  | 3.02                   | 3.28                 | 2.47                   | 2.47                 | 3.52                   | 1.55                 |
| 5 Years   | 1.58                   | 2.10                 | 1.29                   | 1.29                 | 2.33                   | 1.61                 |
| 3 Years   | 1.60                   | 2.48                 | 1.60                   | 1.60                 | 2.69                   | 1.84                 |
| 1 Year    | 2.62                   | 5.15                 | 3.35                   | 4.35                 | 5.22                   | 4.67                 |
| Quarter   | -1.67                  | 0.93                 | -0.27                  | 0.73                 | 1.00                   | 0.71                 |

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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 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 sources: Invesco, FactSet Research Systems Inc.

For more information you can visit us at [www.invesco.com/us](http://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](http://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](http://www.moodys.com) and select 'Rating Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](http://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.

The Custom Invesco Oppenheimer Limited-Term Bond Index is composed of the Bloomberg Barclays U.S. Government Bond Index through July 31, 2013, and the Bloomberg Barclays U.S. Aggregate Bond (1-3 year) Index from July 31, 2013, to present. The Bloomberg Barclays U.S. Aggregate Bond (1-3 year) Index is composed of US-dollar-denominated, investment-grade US corporate, government and mortgage-backed securities with maturities of one to three years. The Bloomberg Barclays U.S. Government Bond Index is considered representative of fixed income obligations issued by the US Treasury, government agencies and quasi-federal corporations. 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.

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**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.

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.

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.