

Invesco Senior Floating Rate Fund

Q4 2023

Key takeaways

- 1 High conviction investment style**
The fund employs a high conviction opportunistic investment style and seeks to out-yield its competitors over the long term.
- 2 Full cycle view**
We position the fund for the long term, a full market cycle. We augment our long-term perspective with an active management approach and the application of several proprietary models that are built to help us exploit shorter term relative value opportunities.
- 3 Hedging interest rate volatility**
Due to their floating rate nature, loans effectively have no interest rate risk, a potential diversification benefit when paired with a portfolio of longer duration, interest rate sensitive assets.

Investment objective

The fund seeks income.

Fund facts

Fund AUM (\$M) 3,148.14

Portfolio managers

David Lukkes, Philip Yarrow,
Thomas Ewald

Manager perspective and outlook

- Loans, as represented by the Credit Suisse Leveraged Loan Index, returned 2.85% in the fourth quarter.¹ The percentage of loans trading below \$80 fell from 5.1% to 4.5%², reflecting a manageable docket of medium-term expected restructurings.
- During the fourth quarter, the par-weighted loan default rate edged up from 1.34% to 1.53%, with limited new default activity.² What we consider reasonably healthy balance sheets and limited near-term maturities continued to limit restructuring activity in the syndicated loan market. With default activity presumably rising, we believe it is worth noting the loan market's spotty track record in accurately discounting default risk. In our experience, loans reliably discount higher likelihood of defaults (particularly in periods of market turbulence) than what ultimately occurs. This is not to suggest the market cannot or will not trade lower but highlights one reason we believe loans often offer compelling value.
- Robust economic data and falling core inflation have fueled expectations that policymakers will pivot to interest rate cuts in 2024, but policy rates are likely to follow a gradual path downward and remain relatively high compared to historical levels.
- Default rates for the loan asset class as a whole, though increasing, have been below long-term averages² and current forecasts do not expect default rates to increase beyond these long-term averages.³



Investment categories (%)

Senior Secured Loans	81.4
Corporate Debt	8.3
Domestic Common Stock	6.5
Preferred Securities	1.7
Warrants	0.7
Structured Products	0.6
Senior Unsecured Loans	0.5
Cash and Cash equivalents	0.4
Int'l Common Stock	0.1

May not equal 100% due to rounding.

Portfolio positioning

The fund's core investment strategy is grounded in a fundamental bottom-up risk assessment of each issuer it invests in, coupled with top-down risk positioning tied to broader economic trends.

At quarter end, the fund's largest relative overweight sectors were the energy, industrials and chemicals sectors. During the quarter, industrials replaced gaming, lodging and leisure as one of the most overweight sectors.

The fund's overweight in energy is due to a series of select holdings that have outperformed over past years and continue from our perspective to showcase attractive risk/reward attributes.

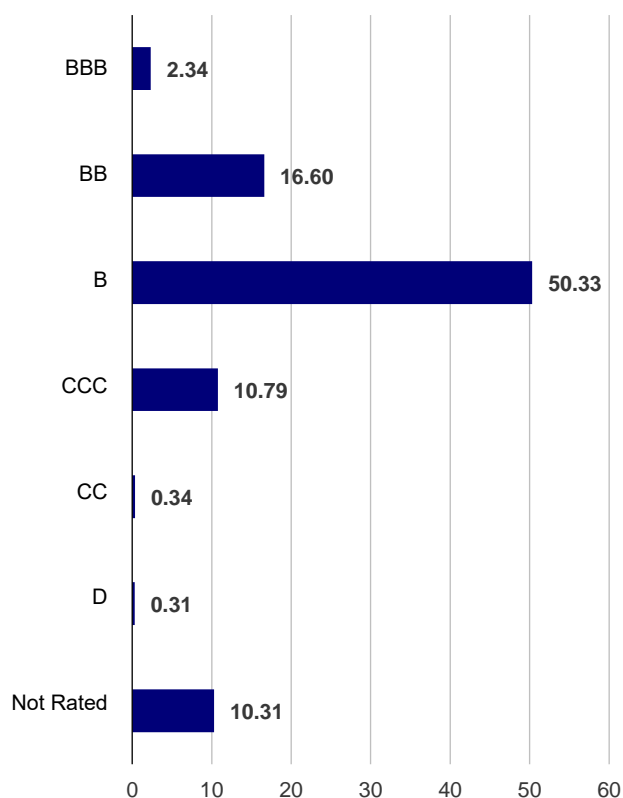
The chemical sector at large weathered the inflationary environment of late 2021 through 2022 remarkably well in our view despite exposure to commodity prices, proving it had the ability to pass through price increases to maintain profit margins. 2023 started off as a more challenging year due to inventory destocking, end market softness and profit margin compression as higher cost inventory was sold into a deflationary environment. However, many issuers saw sequential improvements in the second half of the year and we expect earnings trends to broadly stabilize going forward. We maintain a positive outlook for the chemical sector and see potentially attractive risk-adjusted return opportunities.

The largest underweights were in the health care, technology and financial sectors, positioning that did not change during the quarter.

The fund's underweight in health care still reflects our belief that investors are not being adequately compensated for the risks facing health care providers in the current operating environment. The sector has been under pressure from the shift toward health care consumerism and lower reimbursement rates from Medicare and other payors. At the same time, health care operators have been negatively affected by rising wages and labor shortages. In our view, the highly politicized nature of the health care sector adds meaningful downside risk and we have been highly selective in our investing in the sector.

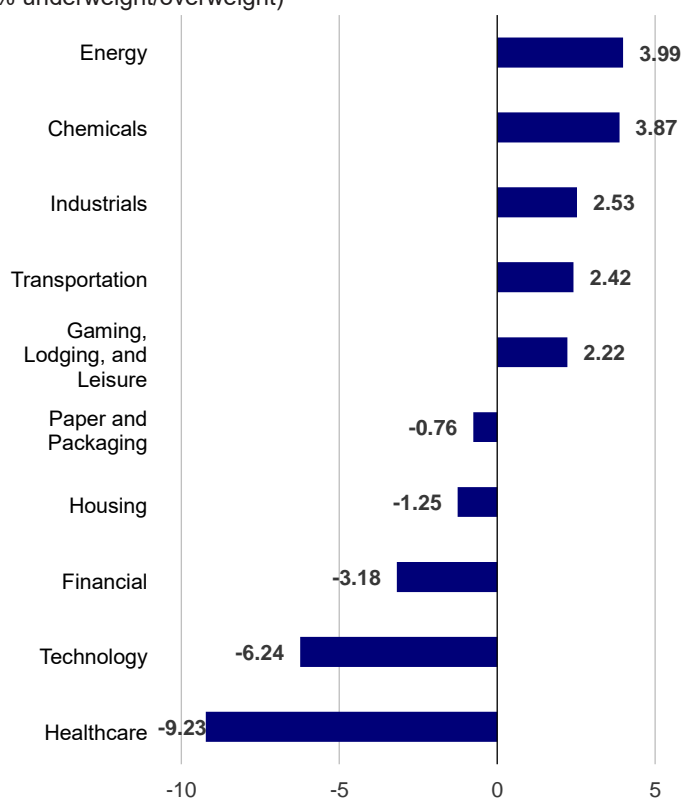
Underweight positions in financials and technology stem from a lack of what we consider attractive relative value opportunities in the sectors. Specific to the financials sector, credit quality is skewed toward the lower end of the credit quality spectrum and we have not found the risk-adjusted returns appealing.

Quality breakdown (% total)



The fund's positioning versus Index

(% underweight/overweight)



Portfolio characteristics*

	Fund	Index
Weighted average price	92.36	96.41
Average maturity (years)	4.21	4.22
Weighted average coupon (%)	9.31	9.19
30 day SEC yield (%)	8.42	-
No. of holdings	530	1,586

Performance highlights

Invesco Senior Floating Rate Fund Y Class shares returned 1.89% for the fourth quarter of 2023, underperforming its benchmark, the JP Morgan Leveraged Loan Index, which returned 2.79%.

Relative performance was primarily hampered by credit selection (results of over- and underweights in individual credits relative to the benchmark) and holdings of non-benchmark assets. Sector migration (the effect of sector over- and underweights) and quality positioning (the effects of over- and underweights in quality ratings segments relative to the benchmark) detracted from relative return to a lesser degree.

Notably, selection among the chemicals, food and beverages, and transportation sectors had the largest positive effect on relative return, while selection in the gaming, lodging and leisure, health care and technology industries detracted the most from relative return.

Contributors to performance

From an issuer standpoint, the largest individual absolute and relative contributors for the quarter are as follows:

Tribune Resources is an exploration and production company with a focus on oil & gas reserves in the Marcellus Shale play in northern West Virginia.

City Brewing provides co-packaging services for alcoholic beverages, such as hard seltzer, traditional flavored malt beverages, beer, spirit based RTD (ready-to-

drink) and other premium non-alcoholic beverages.

Cabonline is the leading provider of taxi services in the Nordic region with about 2,500 affiliated transporters and about 4,500 vehicles on its platforms in Sweden, Norway, Finland and Denmark.

These issuers represented 0.34%, 0.53% and 0.20% of total net assets, respectively.

Detractors from performance

From an issuer standpoint, the largest individual absolute and relative detractors for the quarter were as follows:

Robertshaw US is a leading manufacturer of gas valves, top burners, thermostats, electronic control panels, water valves and ignition controls that are integral to regulating larger electrical or mechanical equipment such as appliances and HVAC systems.

North American Lifting is the largest pure play (a company that focuses on a particular product or service in order to obtain a large market share in that space), operated and maintained lifting service provider in North America, focused on energy and industrial end markets in the Gulf Coast and Southeastern US.

Hurtigruten is a leading expedition travel company focusing on sustainable cruises and on unique "expedition" experiences (Antarctica, Americas).

These issuers represented 0.87%, 0.04% and 0.32% of total net assets, respectively.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 09/08/99	NAV	1.83	11.49	11.49	6.44	3.35	3.02	4.33
	Max. Load 3.25%	-1.54	7.85	7.85	5.27	2.66	2.68	4.19
Class R6 shares inception: 10/26/12	NAV	1.92	11.86	11.86	6.84	3.72	3.37	3.72
Class Y shares inception: 11/28/05	NAV	1.89	11.78	11.78	6.76	3.63	3.28	4.15
J.P. Morgan Leveraged Loan Index		2.79	13.17	13.17	6.09	6.01	4.74	-
Total return ranking vs. Morningstar Bank Loan category		-	-	69% (156 of 238)	5% (9 of 225)	88% (189 of 216)	71% (126 of 177)	-
(Class A shares at NAV)								

Expense ratios per the current prospectus: Class A: Net: 1.07%, Total: 1.09%; Class R6: Net: 0.74%, Total: 0.74%; Class Y: Net: 0.82%, Total: 0.84%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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: Bloomberg L.P. 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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	0.55	-2.06	12.72	3.77	-0.89	2.33	-4.47	8.63	-0.43	11.49
Class R6 shares at NAV	0.86	-1.76	13.10	4.23	-0.67	2.69	-4.14	9.16	-0.11	11.86
Class Y shares at NAV	0.79	-1.83	13.02	4.16	-0.78	2.58	-4.26	9.08	-0.21	11.78
J.P. Morgan Leveraged Loan Index	2.05	0.54	9.78	4.25	1.08	8.64	3.19	5.46	0.06	13.17

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Dec 31, 2024.

Unless otherwise specified, all information is as of 12/31/23. Unless stated otherwise, Index refers to J.P. Morgan Leveraged Loan Index.

The fund may invest all its assets in securities that are determined to be below investment grade quality.

About risk

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.

In general, stock and other equity securities values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

The risks of investing in securities of foreign issuers 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.

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.

The Fund invests in financial instruments that use the London Interbank Offered Rate ("LIBOR") as a reference or benchmark rate for variable interest rate calculations. LIBOR will be phased out by the end of 2021, and it's anticipated that LIBOR will cease to be published after that time. To assist with the transition, US dollar LIBOR rates will continue to be published until June 2023. There is uncertainty on the effects of the LIBOR transition process, therefore any impact of the LIBOR transition on the Fund or its investments cannot yet be determined. There is no assurance an alternative rate will be similar to, produce the same value or economic equivalence or instruments using the rate will have the same volume or liquidity as LIBOR. Any effects of LIBOR transition and the adoption of alternative rates could result in losses to the Fund.

The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

Investments focused in a particular sector, such as financial services, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

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.

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.

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. 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 Standard and Poor's rating methodology, please visit www.standardandpoors.com and select 'Understanding Credit Ratings' under 'About Ratings' on the homepage.

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.

* **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. **Weighted Average Price** is the sum of each holding's price multiplied by its weight.

1. Source: Credit Suisse Leveraged Loan Index, total returns in USD, as of December 31, 2023.

2. Source: PitchBook Data, Inc. as of December 31, 2023.

3. Source: JP Morgan as of December 31, 2023.

Morningstar

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