Invesco Senior Floating Rate Fund

Q1 2025

Key takeaways

1. **High conviction investment style**
The fund employs a high conviction opportunistic investment style and seeks to yield more than 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. **Potential risk mitigation**
Due to their senior secured status in the capital structure, loans have the highest priority to be repaid and lenders have first right to collateral in the event of a default. This has historically led to relatively higher recovery levels in the case of defaults.[1,2]

Investment objective
The fund seeks income.

Fund facts

Fund AUM ($M)	2,871.43

Portfolio managers
David Lukkes, Philip Yarrow, Thomas Ewald

Manager perspective and outlook

- The S&P UBS Leveraged Loan Index returned 0.61% in the first quarter.[1]
- After a near record month of activity in January, February saw more muted activity along with weaker performance driven by uncertainty about tariffs and economic growth. This carried over into March.[2] The loan market had robust retail inflows for the quarter, totaling $9.9 billion in January and February before seeing outflows in March.[2]
- Credit fundamentals in the loan market continued to hold up. The default rate remained below the historical average[1], while issuer leverage, interest coverage and cash balances remained healthy.[1,2] From a sector perspective, performance dispersion was narrower than last quarter. The difference between the best and worst performing sectors was 4.17%.[1] The par-weighted loan default rate was 0.82% (excluding distressed exchanges) for the quarter, edging down from 0.91% at the end of 2024, amid limited new default activity.[1]
- The Trump Administration's tariff announcement on April 2nd upended the near-term growth outlook and increased market volatility across the globe. While tariff concerns have added to market uncertainty and will need to be carefully monitored, this environment has also in our view created pockets of technical mispricings and inefficiencies. Active management and deep due diligence will likely be vital to navigate this period and take advantage of potential opportunities.

Investment categories (%)

Senior Secured Loans	85.7
Corporate Debt	7.4
Domestic Common Stock	5.2
Structured Products	0.5
Preferred Securities	0.5
Warrants	0.5
Int'l Common Stock	0.2
Cash and Cash equivalents	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 overweights were in the chemicals, consumer products and telecommunications sectors. Telecommunications replaced cable and satellite as one of the largest overweights.

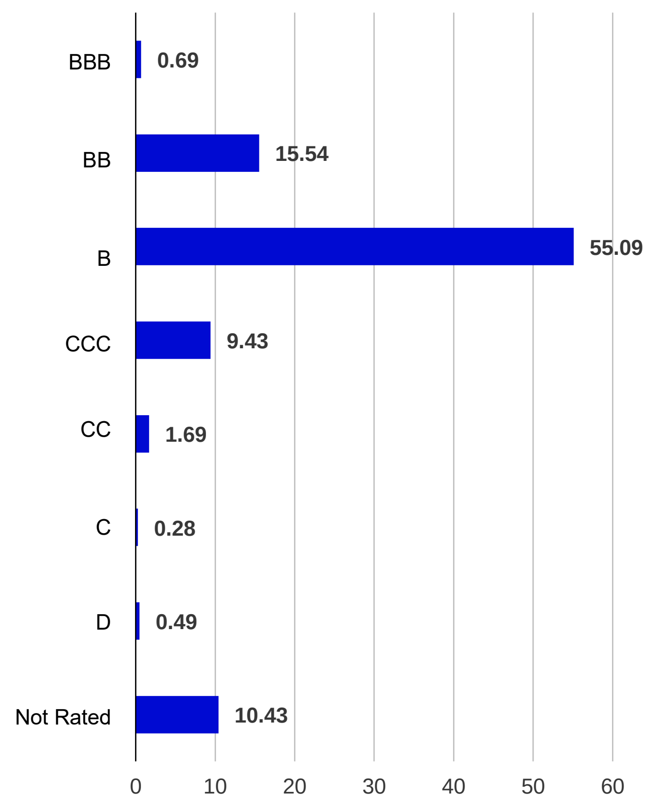
During 2024, many issuers in the chemical sector saw sequential improvement in financial results as customer destocking appeared to subside and self-help measures flowed into profit and loss results. However, uneven volume recovery is likely to continue. During the first quarter, the sector has been negatively affected by a number of factors, including sluggish demand, high energy costs, supply chain issues and tariff-related inflation concerns. Our earnings outlook for the chemical sector remains somewhat cautious; however, fund exposure is weighted toward companies with ample balance sheet cushion and liquidity.

The fund's exposure to the telecommunication sector is focused on issuers with defensible business models and strong asset coverage given the change technology has brought to the industry over the past several years. These secular changes have created uncertainty and, in our view, opportunity.

The largest underweights were in the health care, technology and food and beverages sectors. Food and beverages replaced financials as a leading underweight during the quarter.

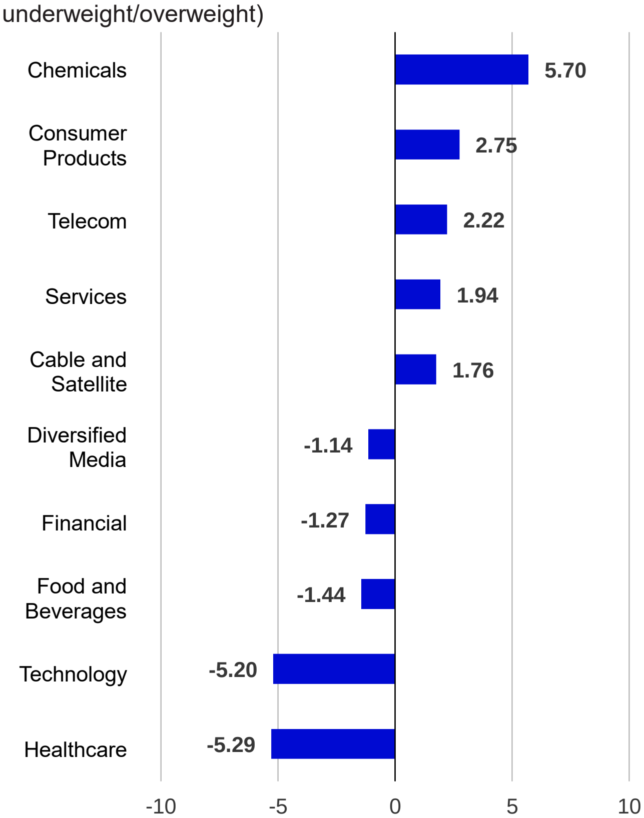
The fund's persistent underweight in the health care sector reflects our concerns about reimbursement rates, cost pressures related to wage inflation and the industry's highly politicized nature. Providers have benefited from a better labor mix as labor headwinds have eased and providers have returned to a more normal mix of full-time employees versus contract labor. Earnings and profit margin profiles have remained mixed. However, increases in reimbursement rates have generally not kept pace with wage inflation, and we expect providers will look for ways to optimize staffing and cost bases. Reimbursement and overall regulatory risk have been an ongoing overhang for health care. If economic conditions deteriorate in 2025, we believe we could see further pressure on utilization rates and profit margins. We maintain a favorable view of health care issuers that have considerable market share positions, solid demand for their services and adequate liquidity to sustain margin pressure and free cash flow deficits in the near to medium term.

Quality breakdown (% total)



The fund's positioning versus Index

(% underweight/overweight)



Portfolio characteristics*

	Fund	Index
Weighted average price	31.96	96.34
Average maturity (years)	4.31	4.65
Weighted average coupon (%)	8.00	7.68
30-day SEC yield (%)	7.54	-
No. of holdings	555	1,418

Performance highlights

Invesco Senior Floating Rate Fund Y Class shares returned 0.01% for the first quarter of 2025, underperforming its benchmark, the JP Morgan Leveraged Loan Index, which returned 0.48%.

Both risk positioning – the contribution to performance from over/underweights in quality ratings relative to the benchmark – and sector rotation – the contribution to performance from sector over/underweights relative to the benchmark – detracted from relative performance. However, this was slightly offset by favorable security selection – the contribution from over/underweights in individual securities/credits and non-loan holdings relative to the benchmark.

The industries contributing the most to relative return, including loan and non-loan holdings, were energy, services and transportation. Selection in the chemicals, paper and packaging, and food and beverage industries detracted the most from relative return.

Contributors to performance

The following issuers were the largest individual contributors to relative return:

McDermott International is a worldwide energy services company that provides engineering, fabrication, installation, procurement, research, manufacturing, environmental systems, project management and facility management services to a variety of customers in the energy and power industries.

Vue International is one of the largest exhibitors worldwide and among Europe's top cinema operators.

Commercial Barge Line is one of the largest inland marine transportation and service companies in the US.

At quarter end, these issuers represented 0.69%, 0.44% and 1.07% of total net assets, respectively.

Detractors from performance

The following issuers were the largest individual detractors from relative return:

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.

NewLife Forest Restoration is a vertically integrated forest products company. The company thins and restores ponderosa pine forests in Northern Arizona and processes the trees. The company manufactures a wide variety of timber products, including non-structural lumber, engineered wood, bulk residuals and bagged residuals.

Ascend Performance Materials is a leading producer of high-performance engineering polymers.

At quarter end, these issuers represented 0.07%, 0.70% and 0.14% of total net assets, respectively.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 09/08/99	NAV	-0.05	-0.05	5.60	6.07	8.22	3.64	4.44
	Max. Load 3.25%	-3.27	-3.27	2.24	4.89	7.50	3.30	4.31
Class R6 shares inception: 10/26/12	NAV	0.03	0.03	5.95	6.41	8.62	3.99	4.05
Class Y shares inception: 11/28/05	NAV	0.01	0.01	6.01	6.32	8.49	3.90	4.33
J.P. Morgan Leveraged Loan Index (USD)		0.48	0.48	7.02	7.55	9.25	5.27	-
Total return ranking vs. Morningstar Bank Loan category (Class A shares at NAV)		-	-	79% (163 of 224)	54% (107 of 215)	22% (52 of 208)	66% (114 of 172)	-

Expense ratios per the current prospectus: Class A: Net: 1.09%, Total: 1.09%; Class R6: Net: 0.75%, Total: 0.75%; Class Y: Net: 0.84%, Total: 0.84%.

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: 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-2.06	12.72	3.77	-0.89	2.33	-4.47	8.63	-0.43	11.49	8.48
Class R6 shares at NAV	-1.76	13.10	4.23	-0.67	2.69	-4.14	9.16	-0.11	11.86	8.84
Class Y shares at NAV	-1.83	13.02	4.16	-0.78	2.58	-4.26	9.08	-0.21	11.78	8.75
J.P. Morgan Leveraged Loan Index (USD)	0.54	9.78	4.25	1.08	8.64	3.19	5.46	0.06	13.17	9.33

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Dec. 31, 2025.

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to J.P. Morgan Leveraged Loan Index (USD).

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 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: S&P UBS Leveraged Loan Index (Formally known as the Credit Suisse Leveraged Loan Index), total returns in USD, as of March 31, 2025.
2. Source: JP Morgan Research as of March 31, 2025.
3. Source: Pitchbook Data Inc. as of March 31, 2025.

Morningstar

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.