

Municipal bond strategies for tax-free income in a rising rate environment

Invesco municipal bond funds

Invesco Short Term Municipal Fund		
A: ORSTX	C: ORSCX	R6: STMUX
Y: ORSYX		
Morningstar rating: ★★★★★		
Morningstar category: Muni National Short		
Funds in category: 201		

Invesco Limited Term Municipal Income Fund		
A: ATFAX	A2: AIFTX	C: ATFCX
R5: ATFIX	R6: ATFSX	Y: ATFYX
Morningstar rating: ★★★★★		
Morningstar category: Muni National Short		
Funds in category: 201		

Invesco Intermediate Term Municipal Income Fund		
A: VKLMX	C: VKLCX	R6: VKLSX
Y: VKLIX		
Morningstar rating: ★★★★★		
Morningstar category: Muni National Intermediate		
Funds in category: 249		

Invesco AMT-Free Municipal Income Fund		
A: OPTAX	C: OMFCX	R6: IORAX
Y: OMFYX		
Morningstar rating: ★★★★★		
Morningstar category: High Yield Muni		
Funds in category: 179		

Invesco High Yield Municipal Fund		
A: ACTHX	C: ACTFX	R5: ACTNX
R6: ACTSX	Y: ACTDX	
Morningstar rating: ★★★★★		
Morningstar category: High Yield Muni		
Funds in category: 179		

Invesco Rochester® Municipal Opportunities Fund		
A: ORNAX	C: ORNCX	R5: IORHX
R6: IORYX	Y: ORNYX	
Morningstar rating: ★★★★★		
Morningstar category: High Yield Muni		
Funds in category: 179		

Potential rate hikes

A major question we hear when the Federal Open Market Committee's (FOMC) targeted federal funds rate is this low is "How will municipals react in a rising rate environment?" In March of 2020, the Federal Reserve (Fed) lowered the rate's target level to 0%-0.25%, matching the target's low from December 2008 through December 2015. With the US economy recovering since the worst days of the COVID-19 pandemic and rising consumer confidence, the potential exists for the Fed to raise rates.

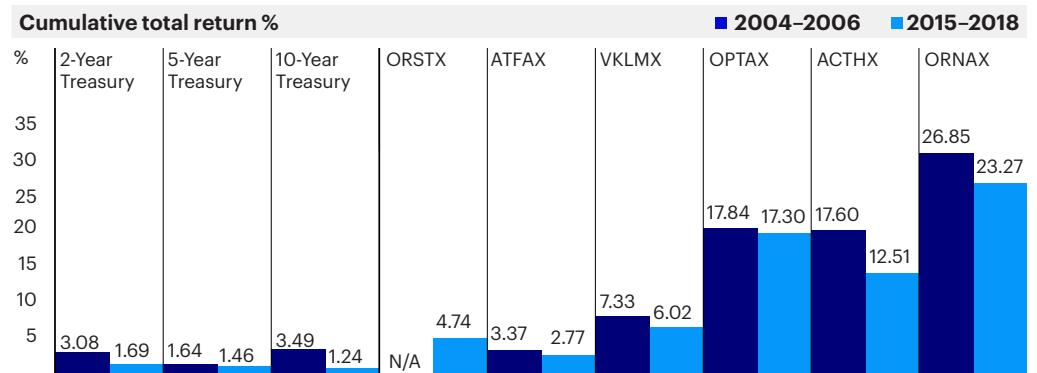
In addition to being exempt from federal income tax (and in some cases exempt from state and local income taxes), there are additional benefits that municipal bond funds may offer in a rising rate environment, including:

- **Market resilience.** Municipals are a pure-play on the US economy and have held up well in the face of widespread capital markets events such as the COVID-19 pandemic, uncertainty surrounding elections, credit spread widening, and other geopolitical macro events.¹ The nature of the issuances in the municipal bond market ties them to the performance of the US economy.
- **Essential service focus may offer relative stability.** At Invesco, our investment focus is on the essential service and project finance sectors of the municipal bond market. These types of bonds are generally less sensitive to interest rates while more sensitive to US economic cycles and credit spreads as their cash flows increase during economic expansion.
- **Portfolio diversifier.** Municipal bonds are not tied to the performance of the stock market, allowing investors a conduit to investing in the US economy with relatively low correlation to equity and Treasury markets.²

Invesco municipal funds produced greater returns vs. Treasuries during past rising rate environments

From June 2004 to June 2006, the Federal Reserve raised the federal funds target rate at a measured pace of 17 times over 24 months from a starting level of 1.00% to 5.25%, moving 0.25% each time. From December 2015 to December 2018, the Federal Reserve raised the federal funds target rate nine times over 36 months from a starting level of 0.00- 0.25% to 2.25-2.50%, moving 0.25% each time.

Rate change in basis points	2004-2006	2015-2018
Federal funds rate change	425	225
2-Year Treasury yield	251	167
5-Year Treasury yield	136	92
10-Year Treasury yield	60	55



Sources: Barclays, Invesco for the period June 30, 2004, to June 29, 2006, and December 17, 2015, to December 20, 2018. Class A shares at NAV shown. Returns for Class A shares do not include sales charges. Past performance cannot guarantee future results. Treasuries are represented by the Bloomberg Barclays Bellwether Treasury 2-, 5- and 10-year indexes. An investment cannot be made in an index.

Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Ratings are calculated for funds with at least a three-year history. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable, excluding sales charges and including fees and expenses. Had fees not been waived and/or expenses reimbursed currently or in the past, the Morningstar rating would have been lower.

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value Not Insured by any Federal Government Agency

Class Y shares are available only to certain investors. Morningstar ratings are overall ratings and are as of March 31, 2021.

Long-term performance as of March 31, 2021

■ Top 25% ■ Top 50%

Class A shares	Lipper category	Symbol	1-Year		3-Year		5-Year		10-Year		Since inception	
			%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Invesco Short Term Municipal Fund	Short Municipal Debt Funds	ORSTX	36	51/142	28	34/124	8	8/106	4	3/78	4	3/77
Invesco Limited Term Municipal Income Fund	Short-Intermediate Municipal Debt Funds	ATFAX	39	30/76	53	37/69	55	35/63	21	10/48	16	5/31
Invesco Intermediate Term Municipal Income Fund	Intermediate Municipal Debt Funds	VKLMX	13	27/214	52	95/183	31	49/161	22	26/120	27	7/25
Invesco AMT-Free Municipal Income Fund	General & Insured Municipal Debt Funds	OPTAX	13	37/287	1	2/251	1	2/220	2	2/163	—	—
Invesco High Yield Municipal Fund	High Yield Municipal Debt Funds	ACTHX	34	63/189	38	64/170	30	42/142	23	22/98	34	2/5
Invesco Rochester® Municipal Opportunities Fund	High Yield Municipal Debt Funds	ORNAX	11	20/189	2	2/170	2	2/142	3	2/98	54	8/14

Source: Lipper Inc. Lipper rankings are based on total return, excluding sales charges and including fees and expenses. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. "Since inception" data reflects closest available month-end to fund inception date. Past performance is no guarantee of future results.

Average annual total returns % as of March 31, 2021

Class A shares	Inception	Symbol	Max load	1-Year		3-Year		5-Year		10-Year		Since inception	
				NAV	Load	NAV	Load	NAV	Load	NAV	Load	NAV	Load
Invesco Short Term Municipal Fund	12/06/10	ORSTX	—	2.83	2.83	2.36	2.36	1.90	1.90	2.23	2.23	2.22	2.22
Invesco Limited Term Municipal Income Fund	10/31/02	ATFAX	2.50	4.43	1.80	3.00	2.13	1.87	1.35	2.84	2.59	3.08	2.94
Invesco Intermediate Term Municipal Income Fund	05/28/93	VKLMX	2.50	7.38	4.70	4.17	3.30	2.98	2.46	3.94	3.67	4.52	4.52
Invesco AMT-Free Municipal Income Fund	10/27/76	OPTAX	4.25	9.16	4.53	8.25	6.68	6.67	5.75	8.40	7.93	5.91	5.81
Invesco High Yield Municipal Fund	10/02/86	ACTHX	4.25	12.15	7.43	5.61	4.10	4.85	3.95	6.81	6.35	6.00	5.87
Invesco Rochester® Municipal Opportunities Fund	10/01/93	ORNAX	4.25	14.51	9.60	9.11	7.52	7.85	6.90	8.59	8.11	5.10	4.93

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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 so that you may have a gain or a loss when you sell shares. Performance shown at NAV does not include applicable front-end sales charges, which would have reduced the performance. Class A share performance reflects any applicable fee waivers or expense reimbursements. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Returns less than one year are cumulative, all others are annualized. The gross expense ratio on Class A shares for Invesco Short Term Municipal Fund is 0.82%, Invesco Limited Term Municipal Income Fund is 0.61%, Invesco Intermediate Term Municipal Income Fund is 0.89%, Invesco AMT-Free Municipal Income Fund is 0.86%, Invesco High Yield Municipal Fund is 1.13%, and Invesco Rochester® Municipal Opportunities Fund is 0.95%. Expenses are as of the fund's fiscal year-end as outlined in the fund's current prospectus.

By the numbers

(as of March 31, 2021)

\$381 billion

Fixed income assets under management

\$65 billion

Municipal assets under management

>19

Average years of fixed income experience

177

Fixed income investment professionals

Why Invesco?

- **Hands-on team approach.** Finding exceptional investment opportunities requires exceptional research. To that end, the Municipal Fixed Income team performs its own hands-on credit analysis, reviewing and rating each and every credit owned.
- **Specialists.** Our team's dedicated municipal bond professionals have more than 20 years' average industry experience.
- **Market leaders.** As of March 31, 2021, the Municipal Fixed Income team managed \$63.4 billion on behalf of our clients and is ranked the 5th largest municipal bond manager by assets.³
- **Active investing.** Our investment experts make informed decisions by combining experience-based knowledge with market trends to discover and exploit relative value opportunities.

Working with the right fixed income partner

Because bonds form the foundation of so many investors' portfolios, it is critical to work with the right fixed income partner. One who understands the implications of a changing world economy, yet also understands the details of thousands of individual bond issuers. Invesco Fixed Income is built to be that partner:

- We're global yet interconnected — our local insights make a difference across our platform.
- Our disciplined process seeks the best ideas, and our collaborative culture shares them.
- We seek competitive performance and bond yields across the bond markets.
- We offer a wide variety of strategies to help investors create a fixed income portfolio to suit their needs.

1. Source: Bloomberg L.P. COVID-19 pandemic: For the period February 2, 2020, through March 23, 2020, investment grade municipals returned 8.01%, high yield municipals returned -15.76%, and US equities returned -30.53%. Uncertainty surrounding elections: For the period September 26, 2020, through November 3, 2020, investment grade municipals returned -0.44%, high yield municipals returned 0.14%, and US equities returned -2.89. Credit spread widening: For the period March 31, 2010, through January 1, 2012, investment grade municipals returned 13.52%, high yield municipals returned 17.23%, and US equities returned 8.68%. Investment grade municipals represented by Bloomberg Barclays Municipal Bond Index, high yield municipals represented by Bloomberg Barclays High Yield Municipal Bond Index, and US equities represented by S&P 500. Returns shown are cumulative. Past performance cannot guarantee future results. An investment cannot be made in an index.
2. Source: StyleADVISOR. Based on 10-year correlations ending March 31, 2021. Municipals represented by Bloomberg Barclays Municipal Bond Index, equities represented by the S&P 500 Index and Treasuries represented by Bloomberg Barclays US Treasury Index. An investment cannot be made in an index.
3. Source: SIMFUND, based on assets under management, as of March 31, 2021.

Important information

Fixed income products are subject to risk, including, but not limited to, the effects of changing interest rates. There is no assurance that any investment or strategy will achieve its investment objective.

Fund distributions are primarily exempt from regular federal income tax. A portion of these distributions, however, may be subject to the federal alternative minimum tax and state and local taxes. The funds may also make distributions that are taxable as ordinary income or capital gains.

The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer under US federal tax laws. Federal and state tax laws are complex and constantly changing. Investors should always consult their own legal or tax advisor for information concerning their individual situation.

A basis point is a unit that is equal to one one-hundredth of a percent.

Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.

Bloomberg Barclays High Yield Municipal Bond Index is generally representative of bonds that are non investment grade, unrated or rated below Ba1.

Bloomberg Barclays Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market.

Bloomberg Barclays US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

US Treasury Bellwether indexes are used as a proxy for a risk-free dollar-denominated asset. The indices reset at the beginning of each month (consistent with existing Barclays Index Methodology), the index tracks the return of the current on-the-run Treasury bond of a given maturity until it is reset again in the following month.

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.

There is a risk that the Federal Reserve Board (FRB) and central banks may raise the federal funds and equivalent foreign rates. This risk is heightened due to the potential "tapering" of the FRB's quantitative easing program and other similar foreign central bank actions, which may expose fixed income investments to heightened volatility and reduced liquidity, particularly those with longer maturities.

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.

Securities which are in the medium- and lower-grade categories generally offer higher yields than are offered by higher-grade securities of similar maturity, but they also generally involve more volatility and greater risks, such as greater credit risk, market risk, liquidity risk, management risk, and regulatory risk.

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

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

The funds are subject to certain other risks. Please see the 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 advisors for a prospectus/summary prospectus or visit invesco.com/fundprospectus.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

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.

Invesco Short Term Municipal Fund Class A shares received 4 stars for the overall, 3 stars for the three years, 4 stars for the five years and 4 stars for the 10 years. The fund was rated among 201, 201, 178, and 138 funds within the Morningstar Municipal National Short Category for the overall, three, five, and 10 years, respectively. **Invesco Limited Term Municipal Income Fund** Class A shares received 5 stars for the overall, 4 stars for the three years, 4 stars for the five years and 5 stars for the 10 years. The fund was rated among 201, 201, 178, and 138 funds within the Morningstar Muni National Short Category for the overall period, three, five and 10 years, respectively. **Invesco Intermediate Term Municipal Income Fund** Class A shares received 4 stars for the overall, 3 stars for the three years, 3 stars for the five years and 4 stars for the 10 years. The fund was rated among 249, 249, 224 and 164 funds within the Morningstar Muni National Intermediate Category for the overall period, three, five and 10 years, respectively. **Invesco AMT-Free Municipal Income Fund** Class A shares received 5 stars for the overall, 5 stars for the three years, 5 stars for the five years and 5 stars for the 10 years. The fund was rated among 179, 179, 152 and 100 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively. **Invesco High Yield Municipal Fund** Class A shares received 4 stars for the overall, 4 stars for the three years, 4 stars for the five years and 4 stars for the 10 years. The fund was rated among 179, 179, 152 and 100 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively. **Invesco Rochester® Municipal Opportunities Fund** Class A shares received 5 stars for the overall, 5 stars for the three years, 5 stars for the five years and 5 stars for the 10 years. The fund was rated among 179, 179, 152 and 100 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively.

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