Invesco High Yield Fund

Q4 2025

Key takeaways

1. **Strong economic data buoyed high-yield**
Credit securities, US and non-US equities performed well in the fourth quarter of 2025. Third quarter GDP and corporate profits beat expectations, leading the high-yield segment – as represented by the Bloomberg US Corporate High Yield 2% Issuer Capped Index – to return 1.31% in the fourth quarter.

2. **Sticky inflation and better-than-expected economic data sent longer term yields higher**
The yield curve reversed from an inversion (short-term bonds yielded more than long-term bonds) to a positive slope. Low short-term interest rates and a steeper yield curve have historically favored risk assets like high-yield bonds.

3. **Surge in quality upgrades**
Credit metrics have been solid, backed by healthy balance sheets, high coverage ratios and lower leverage. During the fourth quarter, $46 billion of bonds had their quality ratings upgraded, the highest total since August 2024.

Investment objective
The fund seeks total return through growth of capital and current income.

Fund facts

Fund AUM ($M)	1,086.13

Portfolio managers
Niklas Nordenfelt, Philip Susser, Rahim Shad

Manager perspective and outlook

- The US Federal Reserve (Fed) has cut the federal funds rate by a total of 1.75% since September 2024. Further Fed rate cuts will likely depend on labor market conditions. Recently, we have seen some labor market softness, indicated by the slowing of hiring and firing. The Fed cut rates by 0.25% in both October and December, though market expectations for a December cut appeared to fluctuate through November. The Fed also raised its US growth forecast for 2026, attributing the increase to productivity gains. Late in the quarter, a lower-than-expected US CPI reading and stabilizing labor data supported the case for easing inflation pressures without a sharp economic slowdown.
- Demand for credit has been strong. We expect relatively high yields will attract inflows in 2026, though valuations for the Magnificent Seven stocks (Alphabet, Amazon, Apple, Meta Platforms, Microsoft and Tesla) might inadvertently cause outflows on occasion. Issuance has been modest and we expect an uptick in 2026 but not enough to derail the market. Rather, we believe strong issuance will be a response to demand and healthy conditions for corporate borrowers tapping the high-yield market.
- We anticipate an environment of reaccelerating global growth in 2026. Lower US interest rates, combined with higher fiscal spending globally should in our view support a stronger global growth trajectory –an encouraging backdrop for risk assets like high-yield.

Portfolio characteristics*

	Fund	Index
Effective duration (yrs)	2.95	2.84
Coupon (%)	6.45	6.56
30-day SEC yield (Class A shares)	5.08	-
30-day SEC unsubsidized yield (Class A shares)	5.08	-

Investment categories (%)

	Portfolio	Index
Corporate Bonds	**72.71**	**87.17**
US High Yield Bonds	70.85	86.50
US Investment Grade Bonds	1.86	0.67
Non-US Debt	**20.10**	**12.83**
Non-US High Yield Bonds	16.03	12.25
Emerging Market Debt	2.33	0.56
Non-US Investment Grade Bonds	1.42	0.00
Others	0.32	0.02
Convertible Bonds	**0.17**	**0.00**
Cash & Cash Equivalent	**3.57**	**0.00**
Derivatives & FX	**0.26**	**0.00**
Others	**3.19**	**0.00**

Portfolio positioning

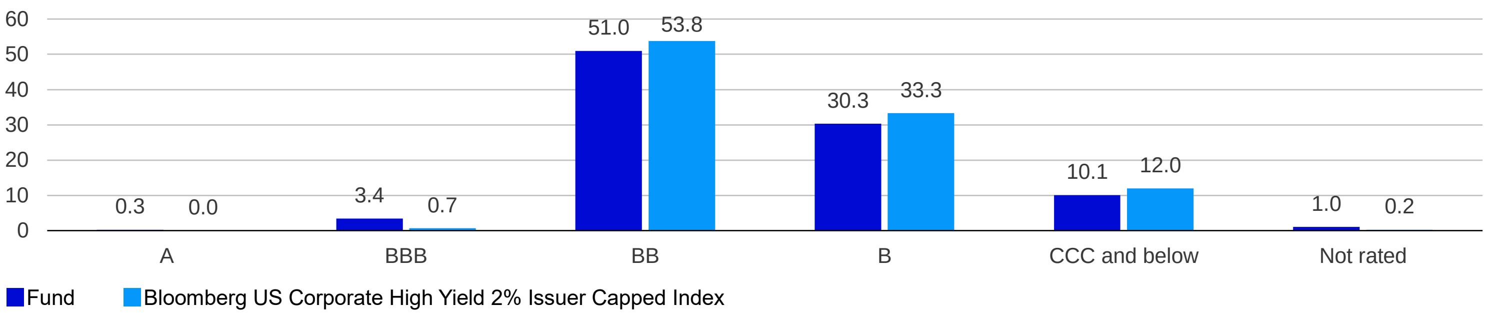
Fixed income returns were positive across most sectors and the Bloomberg US Corporate High Yield 2% Issuer Capped Index returned 1.31% for the quarter. For 2025, defaults/distressed transactions included a total of $67.8 billion in bonds and loans.[1] The 12-month trailing par-weighted US high-yield default rate, including distressed exchanges, was 1.20% at quarter end,[2] down from 1.25% at the end of the third quarter. High-yield funds had inflows of approximately $2.4 billion for the quarter, while year-to-date high-yield issuance totaled $332.0 billion.[1]

The fund is underweight credit risk but has a longer duration than its benchmark, reflecting our constructive view of market risk. The fund’s positioning reflects two considerations: our positive view on broad-based fundamentals and our conviction regarding individual securities. Though we do not anticipate near-term economic or market issues and we expect high-yield to continue delivering attractive income, we remain mindful that yield spreads between high-yield and US Treasuries have been tight by historical standards and conditions could change. As a result, we are focusing on adding value through security selection rather than through exposure to lower quality bonds.

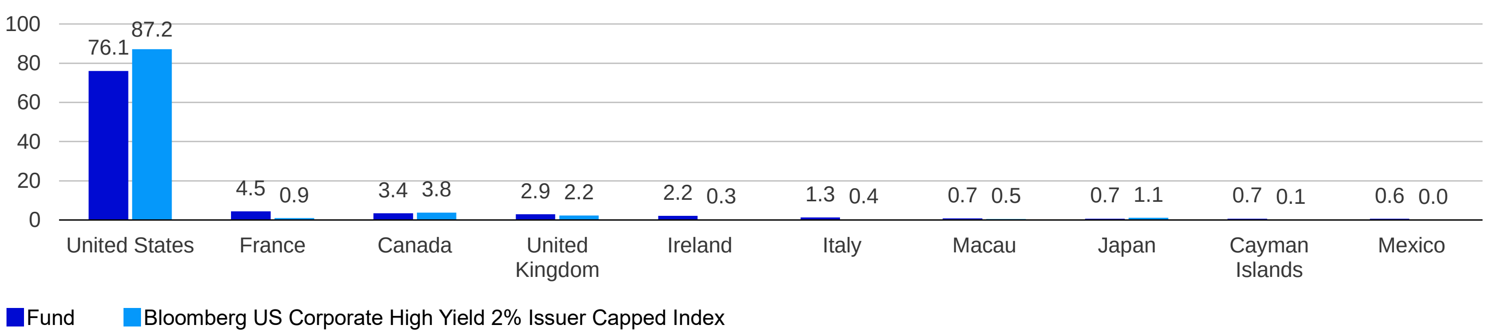
We maintain an underweight in the cyclicals and consumer discretionary sectors because we believe these areas are most vulnerable to a slowdown in consumer spending. We are particularly mindful of issuers reliant on lower income consumers as that segment of the economy was squeezed for the majority of 2025. We believe artificial intelligence-related investment will continue in the upper echelon of the economy. Within high-yield, we favor issuers benefiting from investments such as power generation and data centers sponsored by hyperscalers with investment grade credit ratings. The fund is overweight in communications because we believe merger & acquisition activity is largely centered on companies in that sector.

There has been strong demand for higher quality high-yield securities and less demand for those rated CCC. We believe this demand for higher quality assets should continue to support the high-yield market overall, unless there is some risk shock. This outlook argues for staying invested, but not taking too much risk. We believe it is important to be very selective and maintain an underweight in lower quality securities overall.

Credit quality breakdown (% total)



Top countries (% of total market value)



Top contributors (bps)

Issuer	Return	Contrib. to return
NEXT ALT SARL	175.69	10.25
AVATION PLC	-70.76	4.26
CDX	1354.97	3.97
LUMEN TECHNOLOGIES INC	454.99	3.95
VISTRA CORP	196.29	3.45

Top detractors (bps)

Issuer	Return	Contrib. to return
SAKS GLOBAL ENTERPRISES LLC	-7436.19	-10.39
VENTURE GLOBAL PARTNERS II LLC	-505.69	-6.55
ACME AMALGAMATED HOLDINGS LLC	162.20	-1.93
NORWEGIAN CRUISE LINE HOLDINGS LTD	-263.00	-1.79
SIRIUS XM HOLDINGS INC	-755.89	-1.56

Performance highlights

Invesco High Yield Fund Class A shares had a positive return for the quarter and outperformed its benchmark.

Contributors to performance

During the quarter, the primary contributors to relative performance included:

Security selection within communications and capital goods.

An overweight in finance companies.

Detractors from performance

During the quarter, the primary detractors from relative performance included:

Security selection within the consumer cyclicals and energy sectors.

An underweight in consumer staples.

Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 07/11/78	NAV	1.34	7.30	7.30	8.30	3.59	4.77	6.96
	Max. Load 4.25%	-2.99	2.67	2.67	6.76	2.68	4.33	6.86
Class R6 shares inception: 09/24/12	NAV	1.43	8.00	8.00	8.71	3.99	5.18	4.62
Class Y shares inception: 10/03/08	NAV	1.69	7.86	7.86	8.57	3.86	5.01	6.67
Bloomberg US Corporate High Yield 2% Issuer Capped Index		1.31	8.62	8.62	10.06	4.50	6.52	-
Total return ranking vs. Morningstar High Yield Bond category (Class A shares at NAV)		-	-	75% (458 of 622)	87% (501 of 590)	77% (410 of 554)	83% (376 of 449)	-

Expense ratios per the current prospectus: Class A: Net: 1.01%, Total: 1.02%; Class R6: Net: 0.62%, Total: 0.63%; Class Y: Net: 0.76%, Total: 0.77%.

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. 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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	11.28	6.32	-3.30	12.68	3.62	4.15	-9.83	9.89	7.74	7.30
Class R6 shares at NAV	11.74	6.52	-2.93	13.44	4.04	4.29	-9.26	9.99	8.15	8.00
Class Y shares at NAV	11.52	6.33	-3.04	12.94	3.88	4.41	-9.56	9.84	8.01	7.86
Bloomberg US Corporate High Yield 2% Issuer Capped Index	17.13	7.50	-2.08	14.32	7.05	5.26	-11.18	13.44	8.19	8.62

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least August 31, 2026.

Unless otherwise specified, all information is as of 12/31/25. Unless stated otherwise, Index refers to Bloomberg US Corporate High Yield 2% Issuer Capped Index.

The Bloomberg US Corporate High Yield 2% Issuer Cap Index is an unmanaged index that covers U.S. corporate, fixed-rate, non-investment grade debt with at least one year to maturity and $150 million in par outstanding. Index weights for each issuer are capped at 2%. An investment cannot be made directly in an index.

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.

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.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

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.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.

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, 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. 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 rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; https://ratings.moodys.io/ratings and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.
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. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

1. Source: High Yield Bond and Leveraged Loan Market Monitor – Research – JP Morgan Markets
2. Source: High Yield Market Outlook

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.