

Invesco High Yield Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2022



Investment objective

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

Portfolio management

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Fund facts

Total Net Assets	\$743,224,624
Total Number of Holdings	208

Fund characteristics

WAM (years)	6.21
Effective Duration	4.23

Investment categories (%)

U.S. Corporate Bonds	87.54
Foreign Corporate Bonds	9.10
Cash	3.36

May not equal 100% due to rounding.

Credit quality breakdown (% total)¹

Cash	3.36
BBB	3.83
BB	44.21
B	42.21
CCC and below	5.87
Not Rated	0.52

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

- + The third quarter was another difficult period for global markets, with most major asset classes posting losses. Inflation remained high, resulting in aggressive monetary policy tightening by many central banks. Global economic growth slowed as interest rates rose. Additionally, China's economy was hurt by issues in the property sector, while the European and UK economies were hurt by high energy prices.
- + The US dollar continued to strengthen against other major currencies. The Federal Reserve's pivot to tighter monetary policy helped to power the dollar higher, while also increasing its popularity as a "safe haven" investment amid uncertainty and volatility.
- + Against this backdrop, global fixed income securities posted losses for the quarter. Global high-yield bonds generally performed better than both global investment grade corporate bonds and global sovereign debt. UK sovereign debt suffered the worst loss during the quarter.
- + There were two defaults in the high-yield market during the quarter. The trailing 12-month default rate ended the quarter at 0.96%, remaining well below the historic 25-year average of roughly 3.00%. High-yield mutual funds experienced outflows of \$8.7 billion during the quarter. Rising interest rates and market volatility again curtailed high-yield issuance, with \$18.9 billion in new issuance coming to market during the quarter.

Positioning and outlook

- + Within the high-yield segment, we are wary of the risks in lower quality bonds given expectations for a more difficult economic environment. The income offered by higher quality high-yield bonds is, in our view, attractive. However, in order for us to see a benefit from extending into CCC-rated bonds and speculative situations, their risk/return profile would need to improve or there would have to be a clearer indication of when the Fed might pivot away from monetary tightening and when the default cycle will peak.
- + The high-yield curve is inverted, meaning that yields on shorter maturity bonds are higher than yields on longer term bonds. As a result, the yield per unit of duration on shorter maturity high-yield bonds is, in our view, attractive and we have been adding to that segment. We have also been adding long-dated lower dollar bonds, that is, bonds trading below their par value. These provide good value given that most are higher quality. Long-dated lower dollar bonds offer exposure to better quality bonds, less downside risk due to discounted bond prices, and potential for strong returns once the market stabilizes and bond prices move up toward par value.
- + Within the high-yield energy sector, we have shifted some exposure from oil producers to natural gas producers because we perceive a structural shift in demand for US natural gas due to Europe's rapid and permanent pivot away from Russian natural gas. Although we maintain a favorable outlook for oil prices over the next few years, in the near term, we believe oil prices will be much more affected by macroeconomic factors such as the rising US dollar and potential demand loss in a global recession.

Performance highlights

- + Invesco High Yield Fund Class A shares at net asset value (NAV) declined for the quarter and underperformed its benchmark. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + The fund benefited from security selection in the retailers and pharmaceuticals sectors.
- + An overweight in oil field services and an underweight in the banking sector also positively affected relative return.

Detractors from performance

- + Security selection in the automotive and wireless sectors detracted from relative return.
- + Overweights in health care and real estate investment trusts (REITs) and an underweight in the aerospace and defense sector also detracted from relative return.

Expense ratios	% net	% total
Class A Shares	1.03	1.03
Class C Shares	1.78	1.78
Investor Class Shares	1.03	1.03
Class Y Shares	0.78	0.78

Per the current prospectus

Investment results

Average annual total returns (%) as of Sept. 30, 2022

	Class A Shares	Class C Shares	Investor Class Shares	Class Y Shares	Style-Specific Index		
	Inception: 07/11/78	Inception: 08/04/97	Inception: 09/30/03	Inception: 10/03/08			
	Max Load 4.25%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	Bloomberg U.S. Corporate High Yield 2% Issuer Cap Index
Period							
Inception	6.70	6.80	2.92	2.92	5.38	6.04	-
10 Years	2.24	2.67	2.06	2.06	2.69	2.96	3.94
5 Years	-0.51	0.36	-0.40	-0.40	0.33	0.58	1.56
3 Years	-3.01	-1.60	-2.28	-2.28	-1.52	-1.33	-0.47
1 Year	-16.88	-13.12	-14.65	-13.82	-13.12	-12.84	-14.15
Quarter	-5.34	-1.13	-2.60	-1.62	-1.14	-1.06	-0.64

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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. The Investor Class shares have no sales charge; therefore, performance is at NAV. 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.

Index source: Lipper, Inc.

For more information you can visit us at www.invesco.com/us

1 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 Ratings' under Rating Resources on the homepage.

Class Y shares and Investor Class shares are available only to certain investors. See the prospectus for more information.

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.

The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped 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.

Effective duration is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Weighted average effective maturity (WAM)** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

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.

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.

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.

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 payments of principal and/or interest.

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.

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 financial professionals 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. Financial professionals, 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.