

Invesco High Yield Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of June 30, 2020



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 | \$979,024,230 |
| Total Number of Holdings | 417 |

Fund characteristics

| | |
|--------------------|------|
| WAM (years) | 6.45 |
| Effective Duration | 4.02 |

Investment categories (%)

| | |
|-------------------------|-------|
| U.S. Corporate Bonds | 81.12 |
| Foreign Corporate Bonds | 15.97 |
| Cash | 2.92 |

May not equal 100% due to rounding.

Credit quality breakdown (% total)¹

| | |
|---------------|-------|
| Cash | 2.92 |
| A | 1.61 |
| BBB | 2.62 |
| BB | 38.68 |
| B | 31.40 |
| CCC and below | 19.89 |
| Not Rated | 2.89 |

Market overview

- + The global spread of the novel coronavirus continued into the second quarter of 2020. However, many countries achieved some success in controlling the spread of the virus and were able to slowly reopen their economies. Economic data indicate that the economies of most countries bottomed at the height of their respective lockdowns. Against this backdrop, high-yield credit markets reacted optimistically, with positive returns across most sectors. For the quarter, the Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Index returned 10.14%.
- + During the quarter, there were 26 defaults in the high-yield market, amounting to \$47 billion. As a result, the trailing 12-month default rate jumped to 6.19%, above the historic average of roughly 2.95% and the highest rate since the 2008 global financial crisis.
- + High-yield mutual funds experienced significant inflows of \$47.3 billion in the second quarter. The new issue market hit \$145.5 billion during the quarter, more than double the level of new issuance in the first quarter.

Positioning and outlook

- + Though we acknowledge substantial uncertainty surrounding the near-term path of the global economy, our base case calls for an improvement in growth during the second half of the year. Despite the high-yield market's strong performance since its March lows, valuations in the asset class remain attractive. With the fundamental picture poised to incrementally improve, we are focused on sectors and companies that still offer attractive value, as well as those positioned to benefit from businesses returning to work within virus constraints. Our fundamental credit research suggests industries such as autos, housing and construction seem better positioned than airlines, restaurants and certain leisure businesses. We believe there are idiosyncratic opportunities across the industrial and consumer cyclical markets. Strong investor demand for new issuance continues to help companies as they seek to repair their balance sheets. In sum, despite recent strong performance, we continue to find attractive relative value investment ideas that we believe offer compelling total return opportunities.

Performance highlights

- + Invesco High Yield Fund Class A shares at net asset value (NAV) returned 10.36% for the quarter, compared to its benchmark index, which returned 10.14%. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + The fund's relative performance benefited from security selection in the metals and mining and the construction machinery sectors.
- + Overweights in refining, paper, and retailers also had positive effects on relative performance.

Detractors from performance

- + Security selection in the cable and satellite, leisure, and media and entertainment sectors detracted from relative performance.

| Expense ratios | % net | % total |
|-----------------------|-------|---------|
| Class A Shares | 1.02 | 1.03 |
| Class C Shares | 1.77 | 1.78 |
| Investor Class Shares | 1.02 | 1.03 |
| Class Y Shares | 0.77 | 0.78 |

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2021. See current prospectus for more information.

Investment results

Average annual total returns (%) as of June 30, 2020

| | 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 | Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index | |
| Period | | | | | | | |
| Inception | 7.06 | 7.17 | 3.12 | 3.12 | 6.10 | 7.15 | - |
| 10 Years | 4.63 | 5.09 | 4.30 | 4.30 | 5.08 | 5.35 | 6.67 |
| 5 Years | 1.57 | 2.46 | 1.74 | 1.74 | 2.44 | 2.67 | 4.79 |
| 3 Years | -0.41 | 1.07 | 0.39 | 0.39 | 1.09 | 1.26 | 3.32 |
| 1 Year | -8.38 | -4.35 | -5.75 | -4.85 | -4.35 | -4.08 | 0.00 |
| Quarter | 5.68 | 10.36 | 9.47 | 10.47 | 10.36 | 10.40 | 10.14 |

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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 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.

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.

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.

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.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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](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.