Invesco International Bond Fund

Quarterly Performance Commentary

Mutual Fund Retirement Share Classes
Data as of Sept. 30, 2020

Invesco

Investment objective

The fund seeks total return.

Portfolio management

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Fund facts

Total Net Assets	$2,773,305,461
Total Number of Holdings	882

Fund characteristics

WAM (years)	9.75
Effective Duration	6.83

Investment categories (%)

Corporate Bonds	
US Investment Grade Bonds	0.02
US High Yield Bonds	0.11
Securitized Debt	
Mortgage TBAs/Other	5.47
Non-US Debt	
Non-US Government Bonds	20.90
Non-US Investment Grade Bonds	1.87
Non-US High Yield Bonds	4.85
Emerging Markets Debt	
Emerging Market Sovereign Bonds	38.50
Emerging Market Corporate Bonds	5.60
Derivatives	10.63
Cash	11.63
Other	0.47

May not equal 100% due to rounding.

Market overview

+ Several key trends from the second quarter developed further throughout the third quarter. The COVID-19 pandemic spread across the globe, albeit at a slower rate. US cases increased sharply early in the quarter, while several European countries had smaller flare-ups throughout the period, some of which caused reversals in reopening the economy. Second quarter GDP data released in July reflected COVID-19's global economic impact with sharp contractions across multiple countries. US GDP showed a -32.9% annualized contraction. However, more recent indicators suggest that economies of many countries, including the US, are gradually recovering. In Asia, a rise in retail sales and a tightening labor market in China suggest the region's economic recovery has further to run.
+ Governments and policymakers across the world continue to provide fiscal and monetary policy support in response to the COVID-19 pandemic. In the third quarter, the US Federal Reserve implemented further measures to boost dollar liquidity, such as extending its dollar swap lines with other central banks until the end of March 2021. The Fed left policy rates unchanged and adjusted its inflation target to an "average" of 2%, thereby giving itself more flexibility around monetary policy. This, coupled with Fed assurances that it would provide whatever monetary support is needed, improved investor sentiment. Meanwhile, European Union leaders launched a €750 billion package aimed at funding post-pandemic relief efforts, while the European Central Bank held policy rates unchanged and granted Eurozone banks extra capital relief, enabling them to increase lending to governments, businesses and households. In emerging market economies, most central banks left policy rates unchanged, while central banks in Mexico, Colombia and Egypt cut interest rates to provide additional support to their economies. Buoyed by global fiscal and monetary policy support, global equity and fixed income markets extended their recovery through quarter end.

Positioning and outlook

+ While the pandemic continues to unfold, growth forecasts are generally improving despite worse-than-expected COVID-19 data. We are seeing fewer negative growth shocks for 2020 compared to our initial expectations. Nevertheless, labor market data could ultimately prove more important than GDP data. As this is not a typical crisis, the path to the growth phase of the cycle may be very different as well, with lack of income translating to lower consumption and delayed investment, which would allow central banks to keep interest rates lower for longer due to subdued inflation. Overall, global fiscal and monetary policy actions remain supportive, and we maintain a favorable outlook for international bond markets.
+ In terms of positioning, we continue to favor emerging market interest rate exposure, although we have shifted focus to the three- to five-year maturity range of country yield curves based on attractive total return potential. We slightly increased the fund's overall exposure to developed market interest rates where we observed relative value, but we maintained country exposures that are well supported by central bank policies. Though we reduced the fund's overall credit exposure, we increased its foreign currency exposure as we see a tremendous opportunity over the next two to three years with the Fed having removed much support for the US dollar.

Performance highlights

+ The fund's Class A shares at net asset value (NAV) outperformed its benchmark. (Please see the investment results table on page 2 for fund and index performance.) Outperformance was mainly driven by the fund's interest rate exposure, while credit exposure and foreign currency exposure detracted. The top contributors to relative return were positioning in the Euro and interest rate positioning in Australia and Indonesia. The fund's top detractors were positioning in the Argentinian peso, Russian ruble and British pound.

Expense ratios	% net	% total
Class A Shares	1.01	1.04
Class Y Shares	0.76	0.80
Class R6 Shares	0.62	0.63
Class R5 Shares	0.67	0.69

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 May 31, 2021. See current prospectus for more information. 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.

Top countries	% of total net assets
India	8.94
Italy	8.56
Indonesia	7.65
Greece	7.12
Australia	5.35
South Africa	4.27
United Kingdom	4.17
Spain	3.66
Colombia	3.18
Cyprus	2.96

Holdings are subject to change and are not buy/sell recommendations.

Investment results

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

	Class A Shares	Class Y Shares	Class R6 Shares	Class R5 Shares	
	Inception: 06/15/95	Inception: 09/27/04	Inception: 01/27/12	Inception: 05/24/19	Style-Specific Index
Period	**NAV**	**NAV**	**NAV**	**NAV**	**Custom Invesco International Bond Index**
Inception	6.74	5.19	2.57	-	-
10 Years	1.95	2.21	-	1.99	2.00
5 Years	3.60	3.90	4.03	3.68	4.72
3 Years	1.23	1.53	1.62	1.35	2.61
1 Year	3.77	4.03	4.18	4.12	2.77
Quarter	3.46	3.52	3.37	3.56	2.94

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. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R6 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R5 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R5 shares have no sales charge; therefore, performance is at NAV. 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. 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 sources: Invesco, FactSet Research Systems Inc., RIMES Technologies Corp.

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

1 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. If securities are rated differently by the rating agencies, the higher rating is applied. 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 the rating methodology, please visit www.standardandpoors.com and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.
■ **Effective September 30, 2020, "Oppenheimer" was removed from the fund name. Please see the prospectus for additional information.**
Class A shares at NAV and Class Y shares are available only to certain investors. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information.
The Custom Invesco International Bond Index is composed of 50% FTSE Non-U.S. Dollar World Government Bond Index, 30% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 20% JP Morgan Emerging Markets Bond Index Global Diversified. From Jan. 1, 2003, through Dec. 31, 2011, the underlying index weights were 70% FTSE Non-U.S. Dollar World Government Bond Index, 20% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 10% JP Morgan Emerging Markets Bond Index Global Diversified. The FTSE Non-U.S. Dollar World Government Bond Index is a broad benchmark providing exposure to the global sovereign fixed income market, excluding the US. The JP Morgan Government Bond Index - Emerging Markets Global Diversified is composed of regularly traded, liquid fixed-rate, domestic currency government bonds. The JP Morgan Emerging Markets Bond Index Global Diversified tracks the traded market for US dollar-denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities. 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, including emerging markets, 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 considered non-diversified and may experience greater volatility than a more diversified investment.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

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 advisors for a prospectus/summary prospectus or visit 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.