Invesco Core Bond Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Dec. 31, 2020

Investment objective

The fund seeks total return.

Portfolio management

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Fund facts

Total Net Assets	$1,915,570,078
Total Number of Holdings	656

Fund characteristics

Effective Duration	5.83
WAM (years)	7.42

Credit quality breakdown (% total)[1]

Cash	8.02
AAA	43.00
AA	5.01
A	14.01
BBB	29.51
BB	0.09
CCC	0.26
Not Rated	0.11

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

Market overview

+ US bonds, as measured by the Bloomberg Barclays US Aggregate Bond Index, delivered a positive return for the quarter. Development and initial administration of COVID-19 vaccines during the fourth quarter benefited investment grade corporates as the economy continued to rebound and yield spreads relative to Treasuries approached pre-pandemic levels.
+ The Federal Reserve committed to keep interest rates low until at least 2023 in an effort to drive inflation higher, but it still anticipates lasting negative implications for the US labor market until vaccinations are widely accessible.
+ On the fiscal spending front, Congress passed a second, smaller stimulus package in December, but there is optimism for additional pandemic relief as the Democratic party took majority control of the Senate following Georgia's runoff elections in January.
+ US interest rate moves subtly affected fixed income valuations during the quarter. The 2-year Treasury yield fell from 0.14% to 0.13%, while the 10-year yield saw the biggest increase, rising from 0.68% to 0.93%. The yield curve, as measured by the yield differential between 2- and 10-year Treasuries, steepened modestly during the quarter.
+ Corporate issuance of investment grade credit slowed in the quarter, concluding a year of record issuance. We expect issuance to continue its decline next year as companies focus on returning earnings to pre-pandemic levels and reducing the amount of existing debt on their balance sheets.
+ The asset-backed (ABS) and commercial mortgage-backed (CMBS) securities sectors outperformed duration-matched Treasuries. The Agency mortgage-backed securities (MBS) sector underperformed as investors sought more attractive yield levels.

Positioning and outlook

+ Over the short term, our outlook for fixed income markets is moderately positive:
+ The shift to a Democratic Senate immediately raises expectations for additional fiscal stimulus, likely in the form of another COVID relief package projected to be between $750 billion and $1.25 trillion in size (3-5% of GDP). This potential stimulus will further boost economic expectations for the short and long term.
+ The Democratic Senate supports expectations for a strong growth rebound in 2021. Depending on the accessibility of COVID-19 vaccinations and subsequent reopening of the economy, sectors such as restaurants, travel and hotels should bounce back in 2021.
+ With the Fed firmly committed to ultra-accommodative monetary policy until inflation targets are achieved, robust economic growth is not likely to boost the US dollar. Strong US growth is expected to support the overall global growth outlook; however, this outlook projects a weaker US dollar.
+ In terms of fund positioning, we expect to maintain a higher quality focus, favoring investment grade over high-yield bonds as the technical environment (supply/demand balance) remains supportive. Valuations on emerging market debt are not cheap, but yields remain attractive. Taxable municipal debt represents a high quality asset class for which specific market technicals remain favorable.

Performance highlights

+ Invesco Core Bond Fund Class A shares at net asset value (NAV) rose for the fourth quarter and outperformed its benchmark, the Bloomberg Barclays US Aggregate Bond Index. (Please see the investment results table on page 2 for fund and index performance).

Contributors to performance

+ Allocations to lower rated investment grade bonds, rated BBB, particularly within the consumer-cyclical and industrials subsectors, added to relative performance.
+ Security selection in the financial institutions, consumer non-cyclical and technology subsectors added to relative return.

Detractors from performance

+ The fund's overall duration/yield curve positioning detracted slightly from relative return.
+ An overweight in the banking subsector dampened relative performance.

Expense ratios	% net	% total
Class A Shares	0.75	0.82
Class C Shares	1.56	1.58
Class Y Shares	0.45	0.58

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 and contractual management fee waivers in effect through at least June 30, 2021. See current prospectus for more information.

Investment categories (%)	
Government Bonds	
US Treasuries	7.59
Corporate Bonds	
US Investment Grade Bonds	32.08
US High Yield Bonds	0.08
Securitized Debt	
US Residential Mortgages	26.83
US CMBS	5.99
US Asset-Backed Securities	11.62
Municipal Bonds	0.49
US Dollar Denominated Foreign Debt	
Non-US Investment Grade Bonds	5.18
Emerging Markets Debt	1.74
Other	0.39
Cash	8.02

May not equal 100% due to rounding.

Investment results

Average annual total returns (%) as of Dec. 31, 2020

	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 04/15/88		Inception: 07/11/95		Inception: 04/27/98	
Period	**Max Load 4.25%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**Bloomberg Barclays U.S. Aggregate Bond Index**
Inception	4.45	4.59	3.19	3.19	3.32	-
10 Years	4.34	4.80	4.16	4.16	5.05	3.84
5 Years	3.95	4.86	3.98	3.98	5.14	4.44
3 Years	4.26	5.76	4.87	4.87	6.05	5.34
1 Year	4.57	9.22	7.36	8.36	9.44	7.51
Quarter	-3.13	1.11	-0.08	0.91	1.05	0.67

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. 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. 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 source: 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, the Invesco Oppenheimer Total Return Bond Fund was renamed Invesco Core Bond Fund. Please see the prospectus for additional information.**

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

The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market. 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.

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.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

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.