Invesco Floating Rate ESG Fund

Quarterly Performance Commentary

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

Invesco

Investment objective

The fund seeks total return, comprised of current income and capital appreciation, while integrating environmental, social and governance ("ESG") criteria.

Portfolio management

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Fund facts

Total Net Assets	$1,538,557,373
Weighted Average Price	92.85
Weighted Average Time to Reset (days)	44.85
Total Number of Holdings	720

Top holdings	% of total net assets
Transdigm Inc.	1.74
Calpine Corporation	1.71
Berry Global, Inc	1.65
Virgin Media Bristol LLC	1.52
Dell International LLC	1.41
Delta Air Lines, Inc.	1.33
Prime Security Services Borrower, LLC	1.27
New Red Finance, Inc.	1.26
Monitronics International, Inc.	1.26
Telesat LLC	1.17

Investment categories (%)

Senior Secured Loans	81.39
Corporate Debt	12.27
Domestic Common Stock	1.12
Preferred Securities	0.32
Warrants	0.38
Int'l Common Stock	0.20
Cash and Cash equivalents	4.32

May not equal 100% due to rounding.

Market overview

+ During the third quarter, loan prices continued to rise from their March lows and the asset class, as represented by the Credit Suisse Leveraged Loan Index, returned 1.88%, 1.50% and 0.69% in July, August and September, respectively. Overall, loans returned 4.13% in the third quarter, bringing the year-to-date return to -0.83%.[1]
+ The performance dispersion among loan sectors was less pronounced in the third quarter than it had been in the first and second quarters as normalizing market conditions generally benefited all issuers. Case in point, all sectors delivered positive returns and the difference between the best and worst performing sectors was 6.25% compared to 10.52% in the second quarter and 31.46% in the first quarter.[1] The top performing sectors in the third quarter, including retail, metals, consumer and energy, are among the worst performers year to date. The sectors that were most negatively affected earlier this year have retraced some of their disproportionate losses. Within loans, lower quality issues continued to outperform during the quarter as BB-rated loans (2.7%) lagged B-rated (4.3%) and CCC-rated loans (8.4%).[1] Stabilization in credit fundamentals and the slowing wave of rating agency downgrades supported the recovery in the lower quality end of the loan market.
+ From a technical perspective, demand improved as creation of collateralized loan obligations (CLO) ramped up and retail outflows lessened. Retail outflows totaled $3.3 billion in the quarter, a big improvement from the first and second quarter outflows of $16.0 billion and $6.1 billion, respectively. Meanwhile, aside from a typical seasonal lull in August, CLO issuance increased.[2] As liability costs have tightened and equity arbitrage has been supportive, managers have been emboldened to bring new CLOs to market. The $22.1 billion of issuance (excluding refinancings or resets) exceeded the first and second quarter totals of $17.4 billion and $18.1 billion, respectively.[2] From a supply standpoint, new issuance remained relatively muted, with $67.8 billion of transaction volume in the third quarter, albeit improved from $46.4 billion in the second quarter.[2]

Positioning and outlook

+ During the third quarter, the par-weighted loan default rate rose from 3.23% to 4.17%, the highest it has been since 2014.[3] Because defaults are a lagging indicator of credit stress and a number of issuers are presently in interest payment grace periods or forbearance/standstill agreements with lenders, the default rate is likely to keep rising as a number of issuers face difficult operating conditions and over-leveraged balance sheets. That said, rating agencies and loan market participants alike have lowered their default expectations for the next one to two years as many loan issuers have proven surprisingly resilient to the economic shock from COVID-19. Issuers with access to funding markets, liquidity facilities and timely government support in the initial throes of the pandemic outperformed the market's worst fears, a key reason why loan prices have staged such a remarkably fast recovery. As investors have refined their understanding of issuers' vulnerabilities in this new environment, default expectations have leveled out and the knee-jerk price declines in March have come to appear more and more unfounded.

Performance highlights

+ The fund's Class A shares at net asset value returned 3.48% for the third quarter of 2020, underperforming the 3.51% return of the Lipper Loan Participation Funds Classification Average.

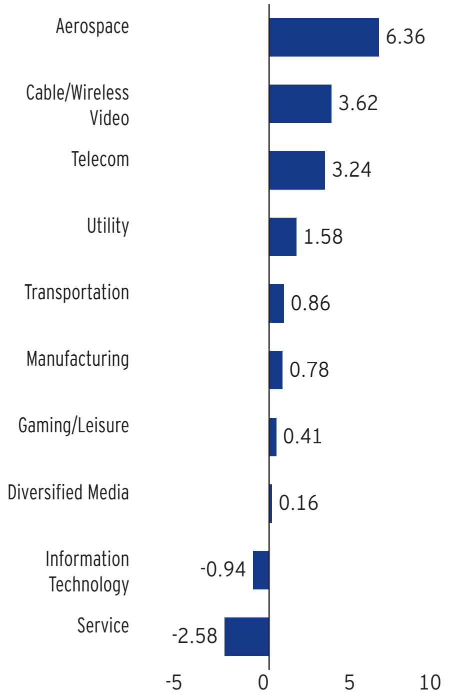
Contributors to performance

+ The fund's allocations to the aerospace, gaming/leisure and consumer durables sectors were the largest contributors to relative performance.
+ From an issuer standpoint, the top three contributors relative to the benchmark were Crown Finance, Serta Simmons and Dell International (0.52%, 0.37% and 1.95% of total net assets, respectively.)

Detractors from performance

+ The fund's allocation to higher quality credits detracted from relative performance during the quarter.
+ The fund's allocation to the health care sector detracted from relative performance.
+ From an issuer standpoint, McDermott, Envision and Transocean (0.23%, 0.00% and 0.04% of total net assets, respectively) detracted from performance relative to the benchmark.

The fund's positioning versus the Credit Suisse Leveraged Loan Index
(% underweight/overweight)



Portfolio composition	% of total net assets[1]
BBB	8.95
BB	26.43
B	46.18
CCC	7.30
CC	0.07
D	0.57
Not Rated	8.41

Investment results

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

	Class A Shares Inception: 05/01/97	Class Y Shares Inception: 10/03/08	Class R Shares Inception: 04/13/06	Class R6 Shares Inception: 09/24/12	Class R5 Shares Inception: 04/13/06	Style-Specific Index
Period	**NAV**	**NAV**	**NAV**	**NAV**	**NAV**	**Credit Suisse Leveraged Loan Index**
Inception	3.85	4.74	3.02	-	3.57	-
10 Years	3.77	4.03	3.52	4.05	4.07	4.44
5 Years	3.29	3.54	3.04	3.62	3.56	4.03
3 Years	1.80	2.05	1.59	2.15	2.07	3.16
1 Year	-1.42	-1.18	-1.52	-1.07	-1.02	0.84
Quarter	3.48	3.55	3.41	3.57	3.54	4.13

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 R shares have no sales charge; therefore, performance is at NAV. Class R5 shares have no sales charge; therefore, performance is at NAV. On April 13, 2006, the fund reorganized from a closed-end fund to an open-end fund. Class A share returns prior to that date are the historical performance of the closed-end fund's Class B and include the management and 12b-1 fees applicable to B shares. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 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.
Index source: Bloomberg L.P.

30-day SEC yields	
Class A Shares	2.58
Class R Shares	2.40
Class R5 Shares	2.94
Class R6 Shares	3.01
Class Y Shares	2.90

Had fees not been waived and/or expenses reimbursed, the SEC yields would have been 4.20% for Class A shares, 4.06% for Class R shares, 4.58% for Class R5 shares, 4.68% for Class R6 shares and 4.56% for Class Y shares.

Expense ratios	% net	% total
Class A Shares	1.09	1.09
Class Y Shares	0.84	0.84
Class R Shares	1.34	1.34
Class R6 Shares	0.75	0.75
Class R5 Shares	0.84	0.84

Per the current prospectus

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.
2 Credit Suisse Leveraged Loan Index, total returns in USD, as of June. 30, 2018.
3 BAML High Grade Corporate Index, total returns in USD, as of June 30, 2019.
4 BAML High Yields Bond Index, total returns in USD, as of June 30, 2019.
5 JP Morgan, as of June 30, 2019.
6 S&P/LTSA as of June 30, 2019.
■ **Effective August 19, 2020, the Invesco Floating Rate Fund was renamed Invesco Floating Rate ESG Fund. The Fund's strategy has also changed Please see the prospectus for additional information.** Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. 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 fund may invest all its assets in securities that are determined to be below investment grade quality.
Duration is a measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. As interest rates rise, the price of bonds fall, conversely as interest rates fall bond prices rise.
Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.
The Credit Suisse Leveraged Loan Index represents tradable, senior-secured, U.S.-dollar-denominated non-investment-grade loans. An investment cannot be made directly in an index.
Weighted average time to reset is the amount of time required for the base interest rate (usually LIBOR) of all loans in the portfolio to reset or adjust to a new base interest rate. **Weighted average price** is the average of prices of all loan and bond holdings in the portfolio weighted by par value.

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.

There is a risk that the value of the collateral required on investments in senior secured floating rate loans and debt securities may not be sufficient to cover the amount owed, may be found invalid, may be used to pay other outstanding obligations of the borrower or may be difficult to liquidate.

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.

Leverage created from borrowing or certain types of transactions or instruments may impair the fund's liquidity, cause it to liquidate positions at an unfavorable time or lose more than it invested, increase volatility or otherwise not achieve its intended objective.

An issuer's ability to prepay principal on a loan or debt security prior to maturity can limit the fund's potential gains. Prepayments may require the fund to replace the loan or debt security with a lower yielding security, adversely affecting the fund's yield.

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.