

Invesco Convertible Securities 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	\$1,073,215,561
Total Number of Holdings	117

Credit quality breakdown (% total)¹

AAA/Cash	7.96
A	2.41
BBB	15.07
BB	2.79
B	0.67
Not Rated	71.10

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

Market overview

+ Despite a brief summer rally, stocks traded sharply lower in the third quarter, particularly following August comments from US Federal Reserve Chair Jerome Powell that indicated further monetary policy tightening. Though energy prices fell during the quarter, the Consumer Price Index (CPI) remained at a multi-decade high, far above the Fed's annual inflation target. Complicating matters, a tight labor market boosted wage and job growth, with the 3.7% US unemployment rate still near record lows. The Fed acknowledged that its continued aggressive action to curb inflation could

"bring pain to households and businesses." In July and again in September, the Fed raised the benchmark federal funds rate by 0.75%. This forceful action deflated investors' hopes for a pause in rate hikes during the second half and increased the likelihood of a US recession. In this environment, equities and fixed income instruments broadly declined, with the S&P 500 Index returning -4.88%. Convertibles (as measured by the ICE BofA US Convertible Index) had a positive return of 0.29%, outperforming most major asset classes.

Positioning and outlook

+ During the quarter, we increased exposure to health care and consumer staples and decreased exposure in media and technology. At quarter end, the largest relative overweights were in utilities and industrials, and the largest underweights were in technology and health care.

+ We believe market volatility will continue through year end due to rising recession risks as the Fed

fights inflation. Global energy concerns, the war in Ukraine and US midterm elections may also weigh on equity returns in the near term.

+ As always, we seek to avoid issue-specific underperformers, and we continue to seek companies with healthy balance sheets and reasonable valuations that can benefit from the current economic environment.

Performance highlights

+ The fund's Class A shares at NAV underperformed the Index in the third quarter. (Please see the investment results table on page 2 for fund and index performance.) Within the index, only utilities, energy and health care had positive returns. Consumer staples, media and telecommunications had the largest declines.

Contributors to performance

+ An overweight and security selection in energy were key contributors to relative return. **EQT** and **Enphase Energy** (2.21% and 1.27% of total net assets, respectively) were notable individual contributors. **EQT** has performed well amid this year's spike in natural gas prices. **Enphase**, which sells solar home energy solutions, is expected to benefit from the recently passed Inflation Reduction Act, which provides significant incentives for clean energy development.

+ Security selection in technology also aided relative return, partly due to **Wolfspeed**, **ON Semiconductor** and **Avalara** (1.20%, 0.89% and 0.93% of total net assets, respectively). Despite fears of economic slowing, chipmakers **Wolfspeed** and **ON** continued to see strong demand for semiconductors for electric vehicle manufacturing.

Detractors from performance

+ Security selection and an underweight in health care was the primary driver of underperformance. Individual detractors included **Becton Dickinson** and **Jazz Pharmaceuticals** (1.77% and 1.17% of total net assets, respectively). A weakening outlook for **Jazz's** epilepsy drug pressured the stock and convertible, while quality issues in **Beckton Dickinson's** Mexico facility led to a product recall. Lack of exposure to **Global Blood Therapeutics**, which specializes in sickle cell disease (not a fund holding), also hurt relative return. Shares rose sharply in August after Pfizer and Johnson and Johnson (not fund holdings) got into a bidding war for the firm.

+ Security selection in utilities detracted from relative return. Lack of exposure to some better performing securities in the sector negatively affected results. **NiSource** (1.62% of total net assets) was a key individual detractor. Management reported earnings in line with expectations, but the company faced headwinds from rising rates and regulatory concerns.

Expense ratios	% net	% total
Class A Shares	0.88	0.88
Class C Shares	1.60	1.60
Class Y Shares	0.63	0.63

Per the current prospectus

Investment results

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

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 07/28/97	NAV	Inception: 07/28/97	NAV	Inception: 07/28/97	
	Max Load 5.50%		Max CDSC 1.00%			ICE BofA U.S. Convertible Index
Inception	6.67	6.91	6.65	6.65	7.17	-
10 Years	7.24	7.84	7.21	7.21	8.10	10.15
5 Years	7.11	8.33	7.53	7.53	8.59	9.29
3 Years	6.86	8.89	8.08	8.08	9.16	10.16
1 Year	-22.12	-17.60	-18.84	-18.20	-17.39	-19.96
Quarter	-5.87	-0.38	-1.56	-0.57	-0.31	0.35

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. 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 sources: Invesco, FactSet Research Systems 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 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.

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained.

The S&P 500® Index is an unmanaged index considered representative of the US stock market. An investment cannot be made directly in an index.

The ICE BofAML US Convertible Index tracks the performance of US-dollar-denominated convertible securities that are not currently in bankruptcy and have total market values of more than \$50 million at issuance. An investment cannot be made directly in an index.

About risk

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock or the issuer's right to buy back the convertible securities.

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.

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

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.