

Invesco Quality Income Fund

Q1 2026

Key takeaways

- 1 Yields shifted higher**

The yield curve shifted higher from the fourth quarter of 2025 to the first quarter 2026, led by increases in short- and intermediate-maturity Treasury yields. Yields at the long end rose more modestly – resulting in a flattening of the curve as overall yields rose.
- 2 Geopolitical risks overshadowed stable activity**

Economic data during the quarter reflected steady consumer activity and firm labor market conditions. However, ongoing geopolitical tensions appeared to weigh on business sentiment and contributed to a more cautious outlook for monetary policy.
- 3 Agency MBS held steady amid volatility**

Agency mortgage-backed securities (MBS) delivered positive excess returns for the quarter. Lower coupon cohorts outperformed mortgages with higher coupons as higher interest rate volatility raised prepayment risk in higher coupon mortgages.

Investment objective

The fund seeks to provide a high level of current income, with liquidity and safety of principal.

Fund facts

Fund AUM (\$M)	500.64
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Portfolio managers

Brian P. Norris, Clint W. Dudley,
David Lyle

Manager perspective and outlook

- Structured credit outperformed Treasuries and investment grade corporate bonds in the first quarter.
- We believe a neutral allocation to Agency MBS remains appropriate, as valuations have cheapened but have remained closely linked to interest rate volatility, which has in our view been increasingly difficult to gauge amid persistent geopolitical uncertainty.



Portfolio characteristics*

Average duration (years)	5.32
Weighted average life (years)	6.98
Average weighted coupon (%)	3.29
30-day SEC yield (Class A shares)	2.98
30-day SEC unsubsidized yield (Class A shares)	2.89

Portfolio positioning

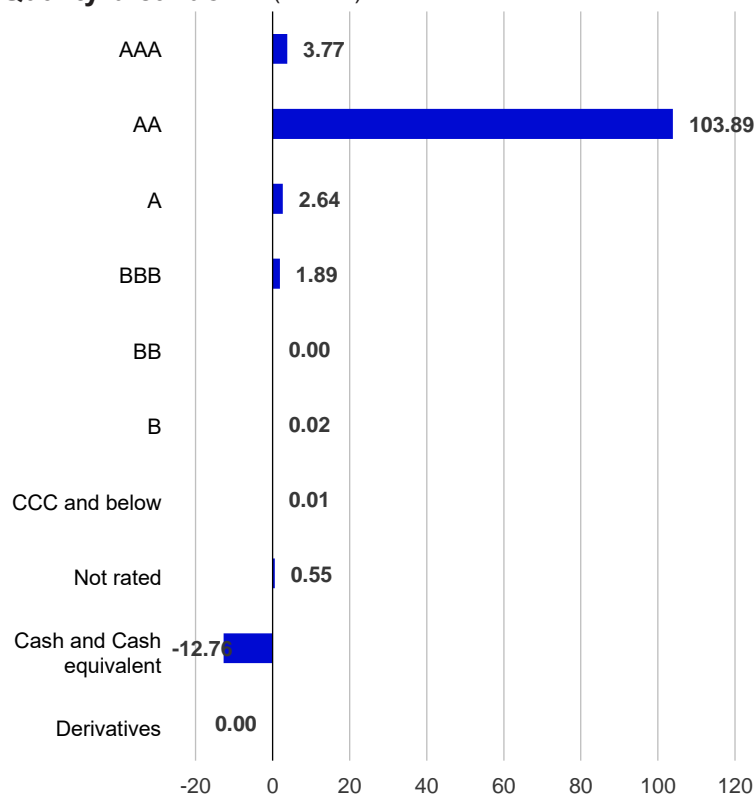
We maintain the fund's neutral allocation to Agency MBS. Though valuations have cheapened, MBS have remained highly sensitive to interest rate volatility and, given ongoing political uncertainty, forecasting interest rate moves has in our view been increasingly difficult.

We maintain underweights in 30-year mortgages with 1.5-2.0% coupons and overweights in 30-year mortgages with 2.5-3.0% coupons. The fund has a neutral weight in 30-year mortgages with 3.5-6.5% coupons. The fund also has underweights in 15-year mortgages with 1.5-2.5% coupons and overweights in 15-year mortgages with 4.5-5.0% coupons.

Among 30-year conventional mortgages, we favor specified pools with higher coupons. In the intermediate part of the coupon stack, we prefer TBA (To Be Announced) mortgage pools. For pools with lower coupons, we like a mix of TBA pools and specified pools.

The fund's exposure to securities not held in the benchmark continues to focus on selective opportunities across non-Agency MBS, commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS).

Quality breakdown (% total)



Investment categories (%)

	Portfolio	Index
Securitized	112.77	100.00
Agency MBS	101.71	100.00
Non-Agency MBS	7.91	0.00
CMBS	1.94	0.00
ABS	1.20	0.00
Cash & Cash Equivalent	-12.76	0.00
Derivatives & FX	0.00	0.00

Performance highlights

Invesco Quality Income Fund Class A shares at net asset value (NAV) had a positive absolute return for the quarter but underperformed its benchmark.

Contributors to performance

Agency MBS contributed to relative performance, driven primarily by strong security selection within the sector.

Exposure to ABS and residential mortgage-backed securities (RMBS), which are not in the benchmark, also added to relative return.

Detractors from performance

The fund's duration and yield curve positioning detracted from relative performance. Residual effects also appeared to weigh on results.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 05/31/84	NAV	0.26	0.26	5.38	3.92	0.03	1.27	5.30
	Max. Load 4.25%	-3.98	-3.98	0.92	2.42	-0.83	0.83	5.19
Class R6 shares inception: 04/04/17	NAV	0.45	0.45	5.74	4.29	0.40	1.60	-
Class Y shares inception: 09/25/06	NAV	0.43	0.43	5.63	4.17	0.29	1.52	2.71
Bloomberg US MBS Index		0.40	0.40	5.79	4.17	0.45	1.43	-
Total return ranking vs. Morningstar Government Mortgage-Backed Bond category (Class A shares at NAV)		-	-	41% (40 of 128)	51% (50 of 124)	75% (86 of 123)	52% (51 of 105)	-

Expense ratios per the current prospectus: Class A: Net: 0.89%, Total: 0.89%; Class R6: Net: 0.53%, Total: 0.53%; Class Y: Net: 0.65%, Total: 0.65%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com 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 so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. Index source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	2.50	1.98	-0.15	5.97	5.50	-1.72	-12.52	5.25	0.98	8.23
Class R6 shares at NAV	-	2.39	0.25	6.35	5.77	-1.38	-12.16	5.50	1.35	8.60
Class Y shares at NAV	2.67	2.32	0.11	6.21	5.67	-1.44	-12.26	5.38	1.23	8.48
Bloomberg US MBS Index	1.67	2.47	0.99	6.35	3.87	-1.04	-11.81	5.05	1.20	8.58

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to Bloomberg US MBS Index.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The Bloomberg U.S. Mortgage Backed Securities Index represents mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). An investment cannot be made directly in an index.

About Risk

The Fund may use leverage to seek to enhance income, which creates the likelihood of greater volatility of the Fund's shares and may also impair the ability to maintain its qualification for federal income tax purposes as a regulated investment company.

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.

Dollar roll transactions involve the risk that the market value and yield may decline below the price of the mortgage-related securities that have been sold and are required to be repurchased.

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

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

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.

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.

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.

Ratings source: Standard & Poor's Rating Services (S&P), Moody's Investor Services (Moody's), Fitch Ratings (Fitch), Kroll Bond Rating Agency, Inc (Kroll), DBRS Limited (DBRS) or Morningstar Credit Ratings LLC (Morningstar), 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 notices. Ratings are initially measured by taking the middle of three or lower of two ratings from Moody's, S&P, or Fitch at a security level where applicable. Securities not rated by Moody's, S&P or Fitch are measured by taking the middle of three or lower of two ratings from Kroll, DBRS, or Morningstar. Not Rated indicates that the debtor was not rated and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; www.ratings.moody.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage; www.krollbondratings.com and select 'Methodologies' under Understanding Ratings on the homepage; www.dbrs.com and select 'Understanding Ratings' on the homepage; ratingagency.morningstar.com and select 'Methodologies and Guidelines' under Ratings/Surveillance on the homepage.

* **30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.