

Municipal bond strategies for tax-free income in a rising rate environment

Invesco municipal bond funds

As of December 31, 2022, ratings are based on risk adjusted returns.

| Invesco Short Term Municipal Fund | | |
|---|-----------|----------|
| A: ORSTX | R6: STMUX | Y: ORSYX |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: Muni National Short | | |
| Funds in category: 206 | | |

| Invesco Limited Term Municipal Income Fund | | |
|--|-----------|-----------|
| A: ATFAX | A2: AIFTX | R5: ATFIX |
| R6: ATFSX | Y: ATFYX | |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: Muni National Short | | |
| Funds in category: 206 | | |

| Invesco Intermediate Term Municipal Income Fund | | |
|--|-----------|----------|
| A: VKLMX | R6: VKLSX | Y: VKLIX |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: Muni National Intermediate | | |
| Funds in category: 281 | | |

| Invesco AMT-Free Municipal Income Fund | | |
|--|-----------|----------|
| A: OPTAX | R6: IORAX | Y: OMFYX |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: Muni National Long | | |
| Funds in category: 160 | | |

| Invesco High Yield Municipal Fund | | |
|---------------------------------------|-----------|-----------|
| A: ACTHX | R5: ACTNX | R6: ACTSX |
| Y: ACTDX | | |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: High Yield Muni | | |
| Funds in category: 188 | | |

| Invesco Rochester® Municipal Opportunities Fund | | |
|---|-----------|-----------|
| A: ORNAX | R5: IORHX | R6: IORYX |
| Y: ORNYX | | |
| Overall Morningstar rating: ★★★★★ | | |
| Morningstar category: High Yield Muni | | |
| Funds in category: 188 | | |

Class Y shares are available only to certain investors. Morningstar ratings and rankings are overall ratings and are as of December 31, 2022.

Potential rate hikes

A major question we hear when the Federal Open Market Committee's (FOMC) targeted federal funds rate is this low is "How will municipals react in a rising rate environment?" In March of 2020, the Federal Reserve (Fed) lowered the rate's target level to 0% – 0.25%, matching the target's low from December 2008 through December 2015. With the US economy recovering since the worst days of the COVID-19 pandemic and rising consumer confidence, the Fed has raised rates from zero to 4.50%, with additional rate hikes expected in 2023.

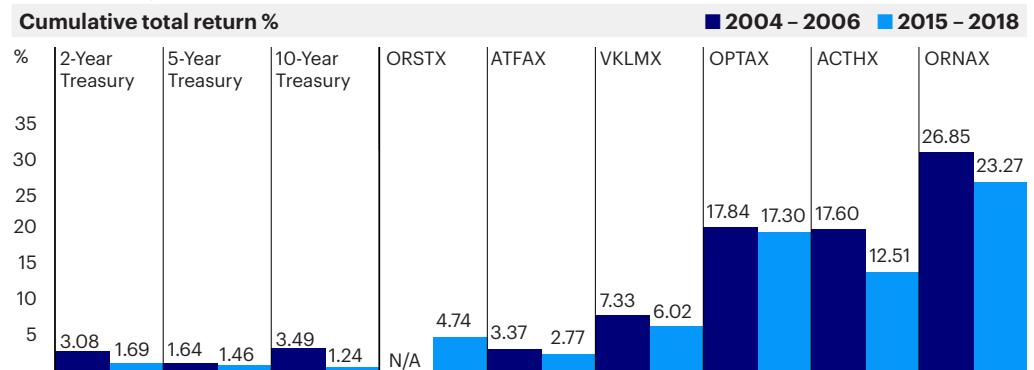
In addition to being exempt from federal income tax (and in some cases exempt from state and local income taxes), there are additional benefits that municipal bond funds may offer in a rising rate environment, including:

- **Market resilience.** Municipals are a pure-play on the US economy and have held up well in the face of widespread capital markets events such as the COVID-19 pandemic, uncertainty surrounding elections, credit spread widening, and other geopolitical macro events.¹ The nature of the issuances in the municipal bond market ties them to the performance of the US economy.
- **Essential service focus may offer relative stability.** At Invesco, our investment focus is on the essential service and project finance sectors of the municipal bond market. These types of bonds are generally less sensitive to interest rates while more sensitive to US economic cycles and credit spreads as their cash flows increase during economic expansion.
- **Portfolio diversifier.** Municipal bonds are not tied to the performance of the stock market, allowing investors a conduit to investing in the US economy with relatively low correlation to equity and Treasury markets.²

Invesco municipal funds produced greater returns vs. Treasuries during past rising rate environments

From June 2004 to June 2006, the Federal Reserve raised the federal funds target rate at a measured pace of 17 times over 24 months from a starting level of 1.00% to 5.25%, moving 0.25% each time. From December 2015 to December 2018, the Federal Reserve raised the federal funds target rate nine times over 36 months from a starting level of 0.00 – 0.25% to 2.25 – 2.50%, moving 0.25% each time.

| Rate change in basis points | 2004 – 2006 | 2015 – 2018 |
|---|-------------|-------------|
| Federal funds rate change | 425 | 225 |
| 2-Year Treasury yield | 251 | 167 |
| 5-Year Treasury yield | 136 | 92 |
| 10-Year Treasury yield | 60 | 55 |
| Period Average Consumer Price Index (CPI) | 3.4% | 1.9% |



Sources: Bloomberg, Invesco for the period June 30, 2004, to June 29, 2006, and December 17, 2015, to December 20, 2018. Class A shares at NAV shown. Returns for Class A shares do not include sales charges. Past performance cannot guarantee future results. Treasuries are represented by the Bloomberg Bellwether Treasury 2-, 5- and 10-year indexes. An investment cannot be made in an index. The CPI represents changes in prices of all goods and services purchased for consumption by urban households. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included.

Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. Morningstar rankings are based on total return, excluding sales charges and including fees and expenses versus all funds in the Morningstar category. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Ratings are calculated for funds with at least a three-year history. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable, excluding sales charges and including fees and expenses. Had fees not been waived and/or expenses reimbursed currently or in the past, the Morningstar rating would have been lower.

Credit spread is the difference in yield between a US Treasury bond and another debt security of the same maturity but different credit quality.

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value Not Insured by any Federal Government Agency

Long-term performance as of December 31, 2022

■ Top 25% ■ Top 50%

| Class A shares | Lipper category | Symbol | 1 Year | | 3 Year | | 5 Year | | 10 Year | | Since inception | |
|---|---|--------|--------|---------|--------|---------|--------|---------|---------|--------|-----------------|------|
| | | | % | Rank | % | Rank | % | Rank | % | Rank | % | Rank |
| Invesco Short Term Municipal Fund | Short Municipal Debt Funds | ORSTX | 24 | 31/130 | 5 | 5/120 | 3 | 3/104 | 3 | 2/71 | 3 | 2/70 |
| Invesco Limited Term Municipal Income Fund | Short-Intermediate Municipal Debt Funds | ATFAX | 14 | 11/82 | 15 | 12/80 | 23 | 17/73 | 30 | 17/56 | 12 | 4/33 |
| Invesco Intermediate Term Municipal Income Fund | Intermediate Municipal Debt Funds | VKLMX | 80 | 172/214 | 73 | 144/197 | 66 | 112/170 | 25 | 31/128 | 31 | 8/25 |
| Invesco AMT-Free Municipal Income Fund | General & Insured Municipal Debt Funds | OPTAX | 68 | 199/295 | 6 | 17/284 | 2 | 2/246 | 2 | 2/175 | | |
| Invesco High Yield Municipal Fund | High Yield Municipal Debt Funds | ACTHX | 51 | 97/190 | 54 | 99/184 | 45 | 73/164 | 22 | 22/102 | 34 | 2/5 |
| Invesco Rochester® Municipal Opportunities Fund | High Yield Municipal Debt Funds | ORNAX | 58 | 110/190 | 16 | 28/184 | 2 | 2/164 | 2 | 2/102 | 47 | 7/14 |

Source: Lipper Inc. Lipper rankings are based on total return, excluding sales charges and including fees and expenses. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. "Since inception" data reflects closest available month-end to fund inception date. Past performance is no guarantee of future results.

Average annual total returns % as of December 31, 2022

| Class A shares | Inception | Symbol | Max load | 1 Year | | 3 Year | | 5 Year | | 10 Year | | Since inception | |
|---|-----------|--------|----------|--------|--------|--------|-------|--------|------|---------|------|-----------------|------|
| | | | | NAV | Load | NAV | Load | NAV | Load | NAV | Load | NAV | Load |
| Invesco Short Term Municipal Fund | 12/6/10 | ORSTX | — | -0.34 | -0.34 | 0.77 | 0.77 | 1.28 | 1.28 | 1.48 | 1.48 | 1.85 | 1.85 |
| Invesco Limited Term Municipal Income Fund | 10/31/02 | ATFAX | 2.50 | -2.95 | -5.35 | 0.24 | -0.59 | 1.15 | 0.64 | 1.25 | 1.00 | 2.68 | 2.55 |
| Invesco Intermediate Term Municipal Income Fund | 5/28/93 | VKLMX | 2.50 | -9.00 | -11.31 | -1.10 | -1.93 | 0.84 | 0.33 | 1.77 | 1.51 | 3.99 | 3.90 |
| Invesco AMT-Free Municipal Income Fund | 10/27/76 | OPTAX | 4.25 | -11.71 | -15.45 | -0.38 | -1.82 | 3.54 | 2.65 | 3.91 | 3.47 | 5.48 | 5.38 |
| Invesco High Yield Municipal Fund | 10/2/86 | ACTHX | 4.25 | -13.95 | -17.6 | -1.90 | -3.32 | 0.99 | 0.12 | 3.11 | 2.66 | 5.40 | 5.28 |
| Invesco Rochester® Municipal Opportunities Fund | 10/1/93 | ORNAX | 4.25 | -14.17 | -17.79 | -1.03 | -2.44 | 3.81 | 2.91 | 4.33 | 3.88 | 4.41 | 4.25 |

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 so that you may have a gain or a loss when you sell shares. Performance shown at NAV does not include applicable front-end sales charges, which would have reduced the performance. Class A share performance reflects any applicable fee waivers or expense reimbursements. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Returns less than one year are cumulative, all others are annualized. 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. The gross expense ratio on Class A shares for Invesco Short Term Municipal Fund is 0.75%, Invesco Limited Term Municipal Income Fund is 0.58%, Invesco Intermediate Term Municipal Income Fund is 0.79%, Invesco AMT-Free Municipal Income Fund is 0.80%, Invesco High Yield Municipal Fund is 0.98%, and Invesco Rochester® Municipal Opportunities Fund is 0.85%. Expenses are as of the fund's fiscal year-end as outlined in the fund's current prospectus.

By the numbers

(as of December 31, 2022)

\$434 billion

Fixed income assets under management

\$61.3 billion

Municipal assets under management

>19

Average years of fixed income experience

173

Fixed income investment professionals

Why Invesco?

- **Hands-on team approach.** Finding exceptional investment opportunities requires exceptional research. To that end, the Municipal Fixed Income team performs its own hands-on credit analysis, reviewing and rating each and every credit owned.
- **Specialists.** Our team's dedicated municipal bond professionals have more than 19 years' average industry experience.
- **Market leaders.** As of December 31, 2022, the Municipal Fixed Income team managed \$61.3 billion on behalf of our clients and is ranked the 5th largest municipal bond manager by assets.³
- **Active investing.** Our investment experts make informed decisions by combining experience-based knowledge with market trends to discover and exploit relative value opportunities.

Working with the right fixed income partner

Because bonds form the foundation of so many investors' portfolios, it is critical to work with the right fixed income partner. One who understands the implications of a changing world economy yet also understands the details of thousands of individual bond issuers. Invesco Fixed Income is built to be that partner:

- We're global yet interconnected — our local insights make a difference across our platform.
- Our disciplined process seeks the best ideas, and our collaborative culture shares them.
- We seek competitive performance and bond yields across the bond markets.
- We offer a wide variety of strategies to help investors create a fixed income portfolio to suit their needs.

1. Source: Bloomberg L.P. COVID-19 pandemic: For the period February 2, 2020, through March 23, 2020, investment grade municipals returned 8.01%, high yield municipals returned -15.76%, and US equities returned -30.53%. Uncertainty surrounding elections: For the period September 26, 2020, through November 3, 2020, investment grade municipals returned -0.44%, high yield municipals returned 0.14%, and US equities returned -2.89. Credit spread widening: For the period March 31, 2010, through January 1, 2012, investment grade municipals returned 13.52%, high yield municipals returned 17.23%, and US equities returned 8.68%. Investment grade municipals represented by Bloomberg Municipal Bond Index, high yield municipals represented by Bloomberg High Yield Municipal Bond Index, and US equities represented by S&P 500. Returns shown are cumulative. Past performance cannot guarantee future results. An investment cannot be made in an index.
2. Source: StyleADVISOR. Based on 10-year correlations ending December 31, 2022. Municipals represented by Bloomberg Municipal Bond Index, equities represented by the S&P 500 Index and Treasuries represented by Bloomberg US Treasury Index. An investment cannot be made in an index.
3. Source: SIMFUND, based on assets under management, as of December 31, 2022.

Important information

Fixed income products are subject to risk, including, but not limited to, the effects of changing interest rates. There is no assurance that any investment or strategy will achieve its investment objective.

Fund distributions are primarily exempt from regular federal income tax. A portion of these distributions, however, may be subject to the federal alternative minimum tax and state and local taxes. The funds may also make distributions that are taxable as ordinary income or capital gains.

The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Invesco does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. It is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer under US federal tax laws. Federal and state tax laws are complex and constantly changing. Investors should always consult their own legal or tax advisor for information concerning their individual situation.

A basis point is a unit that is equal to one one-hundredth of a percent.

Correlation indicates the degree to which two investments have historically moved in the same direction and magnitude.

Bloomberg High Yield Municipal Bond Index is generally representative of bonds that are non-investment grade, unrated or rated below Ba1.

Bloomberg Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market.

Bloomberg US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

US Treasury Bellwether indexes are used as a proxy for a risk-free dollar-denominated asset. The indices reset at the beginning of each month (consistent with existing Bloomberg Index Methodology), the index tracks the return of the current on-the-run Treasury bond of a given maturity until it is reset again in the following month.

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.

There is a risk that the Federal Reserve Board (FRB) and central banks may raise the federal funds and equivalent foreign rates. This risk is heightened due to the potential "tapering" of the FRB's quantitative easing program and other similar foreign central bank actions, which may expose fixed income investments to heightened volatility and reduced liquidity, particularly those with longer maturities.

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

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Securities which are in the medium- and lower-grade categories generally offer higher yields than are offered by higher-grade securities of similar maturity, but they also generally involve more volatility and greater risks, such as greater credit risk, market risk, liquidity risk, management risk, and regulatory risk.

The funds may invest in municipal securities issued by entities having similar characteristics, which may make the fund more susceptible to fluctuation.

Municipal securities have the risk that legislative or economic conditions could affect an issuer's ability to make principal and/or interest payments.

All or a portion of the fund's otherwise tax-exempt income may be subject to the federal alternative minimum tax.

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.

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 Fund invests in financial instruments that use the London Interbank Offered Rate ("LIBOR") as a reference or benchmark rate for variable interest rate calculations. LIBOR will be phased out by the end of 2021, and it's anticipated that LIBOR will cease to be published after that time. To assist with the transition, US dollar LIBOR rates will continue to be published until June 2023. There is uncertainty on the effects of the LIBOR transition process, therefore any impact of the LIBOR transition on the Fund or its investments cannot yet be determined. There is no assurance an alternative rate will be similar to, produce the same value or economic equivalence or instruments using the rate will have the same volume or liquidity as LIBOR. Any effects of LIBOR transition and the adoption of alternative rates could result in losses to the Fund.

Certain of the municipalities in which the Fund invests, including Puerto Rico, currently experience significant financial difficulties. Puerto Rico's economic problems increase the risk of investing in Puerto Rican municipal obligations, including the risk of potential issuer default, heightens the risk that the prices of Puerto Rican municipal obligations, and the Fund's net asset value, will experience greater volatility. See the prospectus for more information.

Inverse floating rate obligations may be subject to greater price volatility than a fixed income security with similar qualities. When short-term interest rates rise, they may decrease in value and produce less or no income and are subject to risks similar to derivatives.

The funds are subject to certain other risks. Please see the prospectus for more information regarding the risks associated with an investment in the fund.

Diversification does not guarantee a profit or eliminate the risk of loss.

Based on a Master Settlement Agreement ("MSA") with 46 states and six other US jurisdictions, large US tobacco manufacturers have agreed to make annual payments to government entities in exchange for the release of all litigation claims. Several states have sold bonds backed by those future payments, including (i) bonds that make payments only from a state's interest in the MSA and (ii) bonds that make payments from both the MSA revenue and from an "appropriation pledge" by the state which requires the state to pass a specific periodic appropriation to make the payments and is generally not an unconditional guarantee of payment by a state. Settlement payments are based on factors, including, but not limited to, annual domestic cigarette shipments, cigarette consumption, inflation and the financial capability of participating tobacco companies. Payments could be reduced if consumption decreases, if market share is lost to non-MSA manufacturers, or if there is a negative outcome in litigation regarding the MSA, including challenges by participating tobacco manufacturers regarding the amount of annual payments owed under the MSA.

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 professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Financial Professionals, please contact your home office.

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.

Invesco Short Term Municipal Fund Class A shares received 4 stars for the overall, 5 stars for the three years, 4 stars for the five years and 4 stars for the 10 years. The fund was rated among 206, 206, 185 and 134 funds within the Morningstar Municipal National Short Category for the overall, three, five, and 10 years, respectively. **Invesco Limited Term Municipal Income Fund** Class A shares received 5 stars for the overall, 4 stars for the three years, 5 stars for the five years and 5 stars for the 10 years. The fund was rated among 206, 206, 185 and 134 funds within the Morningstar Muni National Short Category for the overall period, three, five and 10 years, respectively. **Invesco Intermediate Term Municipal Income Fund** Class A shares received 4 stars for the overall, 3 stars for the three years, 3 stars for the five years and 4 stars for the 10 years. The fund was rated among 281, 281, 248, and 184 funds within the Morningstar Muni National Intermediate Category for the overall period, three, five and 10 years, respectively. **Invesco AMT-Free Municipal Income Fund** Class A shares received 5 stars for the overall, 5 stars for the three years, 5 stars for the five years and 5 stars for the 10 years. The fund was rated among 160, 160, 136 and 101 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively. **Invesco High Yield Municipal Fund** Class A shares received 4 stars for the overall, 3 stars for the three years, 4 stars for the five years and 5 stars for the 10 years. The fund was rated among 188, 188, 166 and 103 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively. **Invesco Rochester® Municipal Opportunities Fund** Class A shares received 5 stars for the overall, 4 stars for the three years, 5 stars for the five years and 5 stars for the 10 years. The fund was rated among 188, 188, 166 and 103 funds within the Morningstar High Yield Muni Category for the overall period, three, five and 10 years, respectively. All Morningstar ratings information as of December 31, 2022.

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