

# Invesco World Bond Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2019



### Investment objective

The fund seeks total return, comprised of current income and capital appreciation.

### Portfolio management

Gareth Isaac, Thomas Sartain, Hemant Bajjal, Wim Vandenhoeck

### Fund facts

Total Net Assets	\$25,008,217
Total Number of Holdings	102

### Fund characteristics

WAM (years)	13.65
Effective Duration	8.27
Distribution Frequency	Monthly

### Credit quality breakdown (% total)<sup>1</sup>

Cash	7.29
AAA	22.12
AA	2.77
A	22.68
BBB	30.41
BB	8.22
B	6.13
CCC and below	0.38
FX	0.05

### Market overview

+ The third quarter of 2019 saw positive returns across a range of global asset classes. A macroeconomic backdrop of low growth, escalating trade wars, the UK's exit from the European Union and political instability led investors to be more risk averse across capital markets. Global bond market returns were positive. Increased demand forced bond yields lower, causing bond prices to rally. The US Federal Reserve cut the federal funds rate twice, stating its aim to underpin the US economy

amid "uncertainties" about future growth. European Central Bank President Mario Draghi announced a package of new stimulus to kick start the Eurozone economy, with an interest rate cut and €20 billion a month of bond purchases (Quantitative Easing). Against this backdrop, global corporate bonds outperformed global government bonds for the quarter. Among corporate bonds, global investment grade bonds outperformed global high-yield bonds.

### Positioning and outlook

+ Looking ahead, though there has been some deceleration of global growth, current indicators and supportive policies from central banks point to only modest growth deterioration rather than recessionary levels. Slowing growth but not recession, along with responsive central banks,

should support risk assets, but we continue to exercise caution as uncertainty, especially trade negotiations, could precipitate volatility in the markets. We believe any volatility could generate new opportunities for investors, given the backdrop of solid macroeconomic and credit fundamentals.

### Performance highlights

+ Invesco World Bond Fund Class A shares at net asset value (NAV) had a positive return for the quarter and outperformed its benchmark index, the Bloomberg Barclays Global Aggregate Index unhedged denominated in USD. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

- + Having a longer duration than the fund's benchmark added to relative return.
- + The fund's New Zealand dollar position was a positive contributor and so were its emerging markets currency positions.
- + Exposure to emerging market corporate debt and debt denominated in local currencies also added to the fund's relative return for the quarter, particularly holdings in Russia and Indonesia.

### Detractors from performance

- + An underweight in Agency mortgaged-back securities detracted from relative return.
- + The fund's non-dollar positions detracted from relative return.

Expense ratios	% net	% total
Class A Shares	0.94	2.06
Class C Shares	1.69	2.81
Class Y Shares	0.69	1.81

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 Feb. 29, 2020 and contractual management fee waivers in effect through at least June 30, 2020. See current prospectus for more information.

#### Investment categories (%)

##### Government Bonds

US Treasuries 10.10

##### Corporate Bonds

US Investment Grade Bonds 12.67

US High Yield Bonds 2.46

##### Securitized Debt

US Residential Mortgages 4.42

US CMBS 0.28

##### Non-US Debt

Non-US Government Bonds 19.75

Non-US Investment Grade Bonds 18.13

Non-US High Yield Bonds 0.90

Emerging Markets Debt 24.01

**Other** 0.05

**Cash** 7.24

May not equal 100% due to rounding.

**Other** represents foreign currency exposure over and above total non-US dollar bond exposure of the fund. Total currency exposure for the fund is as follows: 70.49% foreign currency and 29.51% US Dollar.

## Investment results

Average annual total returns (%) as of Sept. 30, 2019

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 03/31/06	NAV	Inception: 03/31/06	NAV	Inception: 10/03/08	
	<b>Max Load</b> 4.25%		<b>Max CDSC</b> 1.00%			<b>Bloomberg Barclays Global Aggregate Index</b>
Inception	3.12	3.45	2.87	2.87	3.19	-
10 Years	1.64	2.09	1.31	1.31	2.33	2.34
5 Years	1.05	1.93	1.15	1.15	2.16	1.99
3 Years	0.00	1.46	0.70	0.70	1.71	1.59
1 Year	4.64	9.33	7.52	8.52	9.61	7.60
Quarter	-2.97	1.33	0.14	1.14	1.39	0.71

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. On Dec. 1, 2016, the fund's principal investment strategy and benchmarks changed. For more information about the changes, please see the fund's prospectus. Results prior to Dec. 1, 2016, reflect the performance of the fund's previous strategy. 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 source: FactSet Research Systems Inc.

#### For more information you can visit us at [www.invesco.com/us](http://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](http://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](http://www.moodys.com) and select 'Rating Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](http://www.fitchratings.com) and select 'Ratings Definitions' on the homepage.

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

The Bloomberg Barclays Global Aggregate Index is an unmanaged index considered representative of global investment-grade, fixed-income markets. 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. **Weighted average effective maturity (WAM)** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

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**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.

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.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

*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 advisors 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. Advisors, 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.