

# Invesco Intermediate Term Municipal Income Fund

A: VKLMX C: VKLCX Y: VKLIX R6: VKLSX  
Data as of March 31, 2020



## Overall Morningstar Rating™



Muni National Interm Category, Class A shares



Muni National Interm Category, Class Y shares

As of 3/31/20, the fund had an overall rating of 4 stars out of 243 funds and was rated 4 stars out of 243 funds, 4 stars out of 214 funds and 4 stars out of 156 funds for the 3-, 5- and 10-year periods, respectively, for both Class A and Y shares.

## Municipal sweet spot

An actively managed, diversified tax-free strategy seeking monthly income by investing in intermediate municipal bonds with the potential to deliver competitive yields with less risk compared to long-term bonds. Note the shorter maturities of intermediate bonds may lead to lower yields compared to longer-term bonds.

### 1 Compelling risk-return profile:

**A focus on risk-adjusted returns** - The fund had higher risk-adjusted return than its peer group through March 31, 2020.<sup>1</sup>

### 2 Focus on strong sources of revenue:

**Preference for revenue bonds** - The fund has less exposure to pension liability as it holds significantly more revenue bonds than general obligation bonds compared to its peer group.<sup>2</sup>

### 3 Strong outperformance:

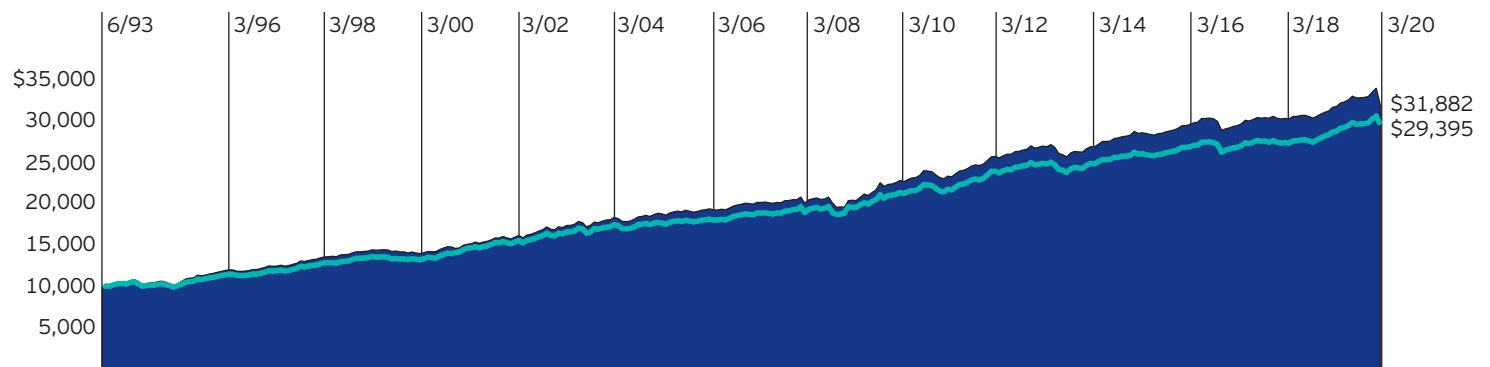
**A better batting average than the peer group** - The fund outperformed its peer group 95% of the time - during 169 of 177 five-year rolling monthly return periods.<sup>3</sup>

## The fund has grown its principal and outperformed its peer group since inception

A \$10,000 investment in the fund would have returned \$31,882

■ Invesco Intermediate Term Municipal Income Fund

■ Lipper Intermediate Municipal Debt Fund Index



Sources: Invesco, StyleADVISOR. Class A shares at NAV for the period May 28, 1993 through March 31, 2020. Returns for Class A shares do not include sales charges. For more information, please see performance disclosure on the back. Index performance is from May 31, 1993, the month-end closest to fund inception. The Lipper Intermediate Municipal Debt Funds Index is an unmanaged index considered representative of intermediate municipal debt funds tracked by Lipper. An investment cannot be made directly in an index. **Past performance cannot guarantee comparable future results.**

1 Source: StyleADVISOR. Class A shares at NAV for the 10-year period March 31, 2010 - March 31, 2020. For this period, the Sharpe ratio for the fund was 0.79 and 0.75 for the peer group. Peer group represented by the Morningstar Muni National Intermediate Category. Risk-adjusted return as measured by Sharpe ratio, which is a measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. Standard deviation measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations.

2 Source: Morningstar Direct<sup>SM</sup>, as of March 31, 2020. The fund held 7% in general obligation bonds versus 20% for the peer group - a 63% difference. This difference lessens pension liability because general obligation bonds are backed by state and local governments, which are responsible for government employee pensions. Pension liability is the difference between the total amount due to retirees and the actual amount of money the state or local government has on hand to make those payments. These payments are typically made from the general fund which is also the same pool of assets reserved for debt service on general obligation bonds. Peer group represented by the Morningstar US Municipal Fixed Income - Intermediate Duration Category.

3 Source: StyleADVISOR. Class A shares at NAV for period July 31, 2005 (month-end of manager inception) to March 31, 2020. Peer group represented by Lipper Intermediate Municipal Fund Index.

**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.** 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. Diversification does not guarantee a profit nor eliminate the risk of loss. It's important to note that a portion of the fund's distributions may be subject to state and local taxes.

## Investment objective

The fund seeks a high level of current income exempt from federal income tax, consistent with preservation of capital.

## Management team

Portfolio manager	Industry experience
Mark E. Paris	30 years
Jack Connelly	26 years
Tim O'Reilly	19 years
Jim D. Phillips	34 years
John Schorle	22 years
Julius D. Williams	19 years

## Quality breakdown (% of total net assets)<sup>4</sup>

Prefunded/ETM	1.69
Cash	-0.10
AAA	2.39
AA	28.53
A	29.53
BBB	19.33
BB	5.85
B	0.81
Other	0.28
Not Rated	11.68

## Expense ratios (%)

	% Net	% Total
Class A shares	0.88	0.91
Class C shares	1.63	1.66
Class R6 shares	0.63	0.67
Class Y shares	0.63	0.66

Net = total annual operating expenses less any contractual management fee waivers in effect through at least May 28, 2021. Not all share classes available to all investors. See the current prospectus for more information.

## Performance summary

Average annual total returns (%) as of March 31, 2020	Class A shares w/o sales charges Inception: 5/28/93	Class A shares w/max 2.50% sales charge	Class Y shares w/osaescharges Inception: 8/12/05
1 year	0.82	-1.73	1.07
3 years	2.71	1.85	2.94
5 years	2.22	1.70	2.48
10 years	3.46	3.20	3.71
Since inception	4.41	4.32	3.83

**Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](http://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. 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 shares have no sales charge; therefore, performance is at NAV. Class Y shares are available only to certain investors. See the prospectus for more information.**

## Fund characteristics

Number of holdings	764
3-year standard deviation <sup>5</sup>	4.30
30-day SEC yield (%) <sup>5</sup> Class A shares	1.83
30-day SEC yield (%) <sup>5</sup> Class Y shares	2.12
Option adjusted duration (years) <sup>5</sup>	5.30
Weighted average effective maturity (years) <sup>5</sup>	5.96

Had fees not been waived and/or expenses reimbursed, the SEC yield would have been 1.82% for Class A shares and 2.11% for Class Y shares.

## Top sectors (% of total net assets)

Hospital	14.34
Dedicated Tax	10.93
IDR/PCR	10.80
Life Care	6.90
Airport	5.77
Tobacco Settlement	5.05
Public Power	4.93
Tollroad	4.64
Other Transportation	4.54
Local GO	4.45

## Calendar year returns (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD
Class A shares at NAV	8.75	5.96	-1.80	7.78	2.87	-0.19	5.19	0.88	6.87	-3.16
Class Y Shares	8.91	6.13	-1.47	8.05	3.22	-0.03	5.45	1.13	7.14	-3.10

4 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.moody's.com](http://www.moody's.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.

5 Standard deviation measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. SEC yield is a calculation for determining the amount of portfolio income, excluding non-income items as prescribed by the SEC. Yields are subject to change. Option adjusted duration is a measure, as estimated by the fund's portfolio managers, of a bond fund's price sensitivity to changes in interest rates. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. 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.

## About risk

Fixed income investments are subject to credit risk of the issuer and the effects of changing interest rates. Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa. 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. 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, market, liquidity, management, and regulatory risks.

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.

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

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

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

The fund is subject to certain other risks. Please see the 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](http://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.

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