Invesco Oppenheimer International Bond Fund

Quarterly Performance Commentary

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

Investment objective

The fund seeks total return.

Portfolio management

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Fund facts

Total Net Assets	$3,715,183,494
Total Number of Holdings	486

Fund characteristics

WAM (years)	9.75
Effective Duration	3.84
Distribution Frequency	Monthly

Credit quality breakdown (% total)[1]

Cash	19.11
AAA	0.61
AA	6.37
A	11.83
BBB	26.80
BB	17.69
B	14.07
CCC and below	3.32
Not Rated	3.12

Market overview

+ The third quarter continued to see weaker global growth, led primarily by the rest of the world as the US economy surprised to the upside against much lowered expectations. As expected, policy makers in almost every major global economy responded to slower growth by easing monetary conditions. The Federal Reserve cut rates in July and September. Most emerging market central banks also continued to reduce interest rates.
+ In August, markets were roiled by the unexpected and significant increase in US/China trade tensions as the US put tariffs on almost all Chinese imports. Also in August, developed market yields dropped significantly as market expectations for global growth ratcheted down. Emerging market currencies also declined as the US dollar strengthened in a knee jerk reaction.

Positioning and outlook

+ In a continuation of our third quarter view, we still see global growth momentum slowing in the fourth quarter but at a slower rate. The stability we had been expecting in non-U.S. growth has been further delayed amid concerns that a comprehensive US/China trade deal is now out of reach and even a narrower deal may be difficult. We do believe China will provide economic stimulus; however, that will be aimed at its domestic economy through policy measures such as tax cuts and should have limited global impact.
+ We expect global growth, which we currently estimate at 2.6%, to fall further in the first quarter of 2020. However, we believe the probability of a global recession is low. In such an environment, we believe financial conditions and valuations will be the primary return drivers. We expect the Fed to cut interest rates further, at least two if not three times as growth slows. We expect other central banks, notably in Brazil, Mexico, Chile, India, Indonesia and Russia, to be accommodative as well. We still expect that the mix of moderate growth with falling inflation will have a positive impact on asset prices.
+ We believe the US dollar will continue to slowly decline as easier financial conditions reduce the cost of holding other developed market currencies, such as the euro and Japanese yen. As financial conditions affect market performance, we think emerging market currencies could benefit from their income advantage, while developed market currencies could benefit from attractive valuations. Within the fund, we favor currencies such as Brazilian real, Indian rupee, Indonesian rupiah and South African rand. We also favor the Norwegian krone and Polish zloty over the euro.
+ We continue to favor emerging market interest rates over developed market interest rates. Real yields in emerging markets remain close to historical highs when compared to a combination of developed market yields. We favor long end interest rates in Brazil, India, South Africa, Indonesia and Russia and shorter term interest rates in Mexico and Colombia.
+ Given the credit segment's excellent performance in the first half of 2019, we are reducing the fund's credit exposure, both in emerging markets and Europe. We are looking to redeploy that capital into emerging market rates.

Performance highlights

+ The fund's Class A shares at net asset value (NAV) underperformed its benchmark. (Please see the investment results table on page 2 for fund and index performance.) August was the quarter's most difficult month as risk assets sold off in reaction to US/China trade tensions. The fund's exposure to emerging market debt and foreign currency were predominant drivers of underperformance. The fund's underweight in US Treasury bonds also detracted given the significant Treasury rally. The fund's allocation to international fixed income, mainly emerging market debt, was largely responsible for its underperformance. Exposure to Argentine bonds and the Argentine peso, which are not represented in the benchmark, detracted from relative return as Argentina sold off after an unexpected primary election result. An underweight in developed market sovereign debt also detracted from relative return. Developed market sovereign debt outperformed emerging market debt during the quarter.

Expense ratios	% net	% total
Class A Shares	0.90	0.91
Class C Shares	1.65	1.66
Class Y Shares	0.65	0.66

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 May 28, 2021. See current prospectus for more information.

Investment categories (%)	
Government Bonds	
US Treasuries	1.77
Corporate Bonds	
US Investment Grade Bonds	0.59
Securitized Debt	
Mortgage TBAs/Other	4.81
Non-US Debt	
Non-US Government Bonds	11.72
Non-US Agencies	2.53
Non-US Investment Grade Bonds	1.55
Non-US High Yield Bonds	5.53
Emerging Markets Debt	
Emerging Market Sovereign Bonds	49.75
Emerging Market Corporate Bonds	5.42
Derivatives	-0.69
Other	-2.08
Cash	19.11

May not equal 100% due to rounding.

Investment results

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

	Class A Shares		Class C Shares		Class Y Shares	
	Inception: 06/15/95		Inception: 06/15/95		Inception: 09/27/04	Style-Specific Index
Period	**Max Load 4.25%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**Custom Invesco Oppenheimer International Bond Index**
Inception	6.68	6.86	6.52	6.52	5.27	-
10 Years	2.01	2.46	1.71	1.71	2.73	2.56
5 Years	1.20	2.10	1.33	1.33	2.35	2.05
3 Years	0.08	1.52	0.80	0.80	1.77	2.20
1 Year	-0.06	4.34	2.56	3.55	4.59	8.79
Quarter	-6.90	-2.77	-3.93	-2.97	-2.71	0.03

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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. 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.
Index sources: Invesco, FactSet Research Systems Inc., RIMES Technologies Corp.

For more information you can visit us at 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 and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; 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 Custom Invesco Oppenheimer International Bond Index is composed of 50% FTSE Non-U.S. Dollar World Government Bond Index, 30% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 20% JP Morgan Emerging Markets Bond Index Global Diversified. From Jan. 1, 2003, through Dec. 31, 2011, the underlying index weights were 70% FTSE Non-U.S. Dollar World Government Bond Index, 20% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 10% JP Morgan Emerging Markets Bond Index Global Diversified. The FTSE Non-U.S. Dollar World Government Bond Index is a broad benchmark providing exposure to the global sovereign fixed income market, excluding the US. The JP Morgan Government Bond Index - Emerging Markets Global Diversified is composed of regularly traded, liquid fixed-rate, domestic currency government bonds. The JP Morgan Emerging Markets Bond Index Global Diversified tracks the traded market for US dollar-denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities. 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.

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 considered non-diversified and may experience greater volatility than a more diversified investment.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

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.