

Invesco International Bond Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of March 31, 2023



Investment objective

The fund seeks total return.

Portfolio management

Hemant Bajjal, Kristina Campmany, Chris Kelly, Arin Kornchankul, Wim Vandenhoeck

Fund facts

Total Net Assets	\$1,377,870,790
Total Number of Holdings	630

Fund characteristics

Effective Duration	2.56
WAM (years)	9.61

Investment categories (%)

Securitized Debt

Mortgage TBAs/Other	7.56
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Corporate Bonds

US Investment Grade Bonds	0.01
US High Yield Bonds	0.57

Non-US Debt

Non-US Government Bonds	6.32
Municipals	1.69
Non-US Investment Grade Bonds	4.31
Non-US High Yield Bonds	6.76

Emerging Markets Debt

Emerging Market Sovereign Bonds	42.17
Emerging Market Corporate Bonds	7.03

Derivatives & FX

Cash	8.13
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Other	5.19
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May not equal 100% due to rounding.

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

+ Despite the headwinds of aggressive monetary policy tightening throughout 2022, the global economy showed strength in the first quarter of 2023 as China reopened and Europe experienced a mild winter. However, stress in the banking sector erupted in March, raising recession fears and tempering investors' sentiment toward risk. Fortunately, these issues did not appear to be systemic, and policymakers' swift response helped to calm markets. Central banks in major developed

markets continued to raise interest rates, albeit at a slower pace. The US Federal Reserve and Bank of England raised their policy rates by 0.50%, while the European Central Bank hiked by 1.00%. Select central banks in emerging markets also raised rates during the quarter, but most appear to be at or near the end of their hiking cycles. As a result of changing expectations for relative growth and monetary policy, the US dollar weakened during the quarter, declining 1.1%.

Positioning and outlook

+ During the quarter, we increased currency exposure, primarily by increasing exposure to the Euro and Mexican Peso and increasing exposure to European high-yield credit. We left credit exposure relatively unchanged over the course of the quarter. We increased duration exposure, mainly by decreasing the fund's underweight positioning in developing markets.

+ During the past quarter, a tug of war between economic growth and inflation concerns, particularly in the US, continued to exert influence on global markets. January was marked by investors' increasing willingness to take on risk and expectations that yields might have peaked. In February, strong US economic data forced market participants to confront the possibility that the terminal level for the Fed's rate increases might be higher than anticipated. However, come March, turmoil in the banking sector prompted widespread growth concerns and yet another reversal on the outlook for monetary policy. Although we do not believe there are systemic issues in the banking sector that threaten an immediate crisis, we think this episode could temper the Fed's enthusiasm for

aggressive continuation of its hiking cycle. Regional banks play an important role in the US economy and fall out from the two bank failures will no doubt curb growth prospects.

+ For emerging markets, we think the initial effect of less change in developed market interest rates will be a weaker US dollar. We expect differentiation among emerging market countries will be significant in an environment of prolonged higher interest rates. Some countries are already experiencing high real rates, while others still struggle to reduce inflation. Asia, for example, may be more affected by what is happening in US yields rather than changes in growth or inflation dynamics. Meanwhile, Latin America, where rate hikes had been slowing toward the end of last year, has benefited from China's reopening, which could lead to a better growth outlook than our earlier expectations. We expect a reassertion of individual growth and inflation dynamics in each emerging market country, which would present substantial opportunities for active managers such as ourselves.

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.) The fund's interest rate positioning, foreign currency exposure and credit exposure detracted from relative return. The top contributors to relative return were interest rate positioning in Colombia, credit exposure in the European Union and positioning in the Mexican Peso. The largest detractors were yield curve positioning, positioning in the Argentinian Peso and credit exposure in Switzerland.

Expense ratios	% net	% total
Class A Shares	1.11	1.11
Class C Shares	1.86	1.86
Class Y Shares	0.86	0.86

Per the current prospectus

Top countries	% of total net assets
Brazil	9.53
United Kingdom	8.81
India	6.82
Mexico	6.15
Spain	6.01
South Africa	5.70
Colombia	5.40
United States	3.60
Peru	3.52
Greece	2.81

Holdings are subject to change and are not buy/sell recommendations.

Investment results

Average annual total returns (%) as of March 31, 2023

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 06/15/95	NAV	Inception: 06/15/95	NAV	Inception: 09/27/04	
Inception	5.40	5.56	5.32	5.32	3.69	-
10 Years	-0.79	-0.36	-0.94	-0.94	-0.09	-0.72
5 Years	-3.75	-2.91	-3.63	-3.63	-2.63	-2.92
3 Years	-0.31	1.12	0.28	0.28	1.38	-2.83
1 Year	-10.22	-6.28	-7.93	-7.03	-6.04	-8.13
Quarter	-2.68	1.62	0.20	1.20	1.68	3.79

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, 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.

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

The Custom Invesco 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.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy and Spain.

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.

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

Stocks of small and mid-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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.

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 professionals 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. Financial professionals, 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.