

Invesco Rochester® New York Municipals Fund

Q4 2024

Key takeaways

- Fund performance**
Invesco Rochester® New York Municipals Fund Class A shares at net asset value (NAV) underperformed its style-specific index, the S&P Municipal Bond New York 5+ Year Investment Grade Index.
- Seeking attractive opportunities through collaborative management**
Invesco Municipal Bond team uses a collaborative management approach. Relying on our size and experience, we seek to identify the best opportunities to achieve potentially better outcomes for shareholders.
- Analysis focused on creditworthiness**
Our team uses a bottom-up fundamental credit process focused on creditworthiness of individual issuers with an overlay of macroeconomic factors to capitalize on market inefficiencies. Our process has been time tested over full market cycles.

Investment objective

The fund seeks tax-free income

Fund facts

Fund AUM (\$M) 4,460.67

Portfolio managers

Elizabeth Mossow, Joshua Cooney, Julius Williams, Mark Paris, Tim O'Reilly



Class Y shares (RMUYX): Best among 24 and 24 New York Municipal Debt Funds, respectively, for the 5- and 10-year periods ending November 30, 2023, based on consistently strong risk-adjusted performance.

Manager perspective and outlook

- Municipal markets ended 2024 with positive returns despite negative fourth quarter results. Investment grade, high yield and taxable municipals returned -1.22%, -1.08% and -3.57% for the quarter and 1.05%, 6.32% and 1.57% for the calendar year, respectively.¹
- The US Federal Reserve (Fed) continued to ease monetary policy, with two 0.25% cuts to the federal funds rate during the quarter. The Fed cited indicators that showed a solid pace of economic activity and stated future decisions will be based on incoming data, the evolving outlook and the balance of risks, with a continued commitment to a 2% inflation target.²
- Municipal fund net flows were positive for the quarter and totaled \$42 billion for the year.³
- Annual new issuance totaled \$509 billion for 2024, much higher than predicted at the start of the year.¹ Exceptionally large new issuance ahead of the US election contributed to record high supply that totaled \$123 billion in the fourth quarter, 23% higher than the same period in 2023.¹
- We believe state budgets are sound entering 2025. Credit fundamentals remain strong with overall upgrades outpacing downgrades, primarily driven by rating activity in the local government sector.⁴
- With at least two Fed rate cuts predicted for 2025 and steady new issuance, we see opportunities in the municipal bond market due to high absolute yields, strong fundamentals and investor migration out of cash.



For more information, including prospectus and factsheet, please visit [Invesco.com/RMUNX](https://www.invesco.com/RMUNX)

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

Top holdings

(% of total net asset)

MTA Hudson Rail Yards Trust Obligations 5.00 11/15/2056	1.79
City of New York NY 5.25 03/01/2053	1.46
University of Puerto Rico 5.00 06/01/2036	1.44
New York Liberty Development Corp 5.25 10/01/2035	1.09
New York Transportation Development Corp 5.25 01/01/2050	0.98
New York State Thruway Authority 4.00 01/01/2050	0.98
Children's Trust Fund 0.00 05/15/2057	0.94
New York State Dormitory Authority 4.00 07/01/2050	0.88
Nassau County Tobacco Settlement Corp 0.00 06/01/2060	0.86
Empire State Development Corp 4.00 03/15/2049	0.80

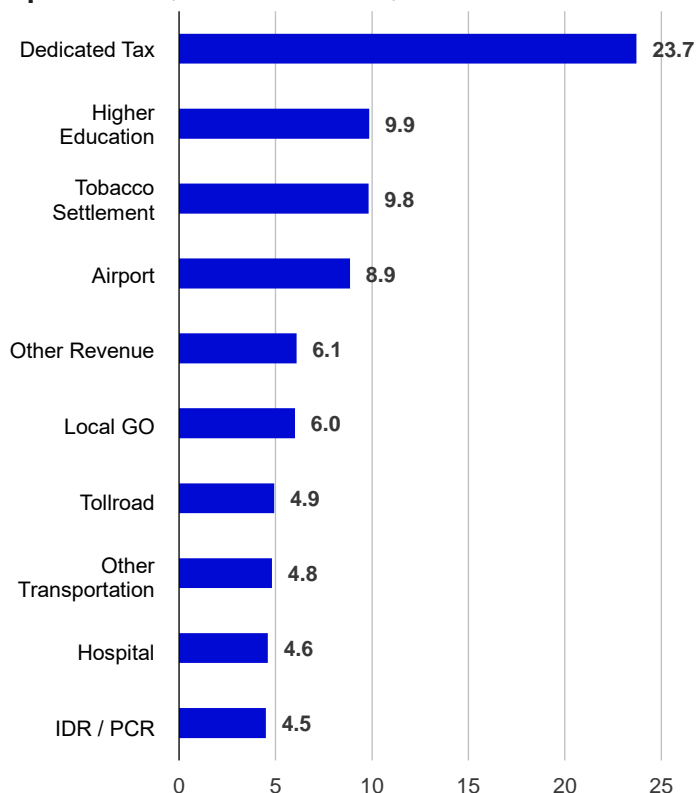
Portfolio positioning

Yield Curve and Duration Positioning: Overall, we maintain a constructive outlook on duration and are looking to selectively add longer duration securities to the fund when appropriate. We have been finding value in the long end of the yield curve, specifically with maturities of 10 to 15 years.

Sector Allocations: We maintain an overweight position in revenue bonds relative to state and local general obligation bonds. Within the revenue bond segment, the fund's largest exposures are in the dedicated tax, higher education and tobacco settlement sectors.

Credit Conditions: We maintain a positive view on fundamentals in the municipal market as upgrades of credit ratings have continued to outpace downgrades. Higher education has been doing well in general, but some smaller liberal arts colleges have been under pressure. Higher inflation and labor costs have continued to affect the health care sector. We are monitoring these sectors closely and continue to rely on our extensive bottom-up research capabilities to find pockets of opportunity.

Top sectors (% of total net assets)



Portfolio characteristics*

	Fund	BM
Option adjusted duration (years)	11.02	8.08
Weighted average maturity (years)	23.95	-
30-day SEC yield (Class A shares)	3.75	-
Tax equivalent 30-day SEC yield (Class A shares)	6.33	-
30-day SEC unsubsidized yields (Class A shares)	N/A	-
Number of positions	659	-
Alternative min. tax exposure (%)	12.23	-

Quality breakdown (% total)

Net cash & equiv.	-1.2
Prere/ETM	0.0
AAA	7.8
AA	45.7
A	10.6
BBB	10.5
BB	3.9
B	1.1
Below B	2.8
Not Rated	18.8

Performance highlights

The fourth quarter was marked by rising interest rates as the US economy remained resilient and inflation was higher than expected. Market focus shifted from the Fed's ongoing easing cycle to the US election and its policy implications. Municipal supply remained elevated during the quarter and reached a record high in calendar year 2024. This caused yields in the 10-year and 30-year segments of the municipal yield curve to rise by 0.46% and 0.38%, respectively.⁵ Lower credit quality municipals generally outperformed.

Contributors to performance

Contributors to relative return this quarter included the following:

The fund's overweight and security selection among bonds with effective durations of less than one year added to relative performance during the quarter. Security selection in transportation bonds also contributed to relative performance during the quarter.

Detractors from performance

Detractors from relative return this quarter included the following:

The fund's overweight in bonds with effective durations of greater than 20 years detracted from relative return during the quarter. Security selection among non-rated tobacco settlement bonds also detracted from relative performance.

Standardized performance (%) as of December 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 05/15/86	NAV	-1.83	1.65	1.65	-1.58	1.50	4.08	5.78
	Max. Load 4.25%	-6.00	-2.69	-2.69	-3.01	0.63	3.63	5.66
Class R6 shares inception: 05/24/19	NAV	-1.75	1.95	1.95	-1.31	1.81	4.25	-
Class Y shares inception: 04/28/00	NAV	-1.77	1.83	1.83	-1.36	1.74	4.31	5.05
S&P Municipal Bond New York 5+ Year Investment Grade Index (USD)		-1.21	1.03	1.03	-0.81	0.93	2.35	-
Total return ranking vs. Morningstar Muni New York Long category (Class A shares at NAV)		-	-	69% (58 of 80)	80% (64 of 80)	3% (3 of 76)	2% (2 of 62)	-

Expense ratios per the current prospectus: Class A: Net: 1.27%, Total: 1.27%; Class R6: Net: 0.98%, Total: 0.98%; Class Y: Net: 1.03%, Total: 1.03%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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. Returns less than one year are cumulative; all others are annualized. Class R6, and Class Y shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. 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 source: RIMES Technologies Corp. 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 and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	1.94	6.06	4.11	8.88	12.97	5.80	6.81	-14.61	9.82	1.65
Class R6 shares at NAV	1.94	6.06	4.11	8.88	13.13	6.17	7.19	-14.40	10.13	1.95
Class Y shares at NAV	2.09	6.22	4.41	9.07	13.25	6.05	7.14	-14.45	10.15	1.83
S&P Municipal Bond New York 5+ Year Investment Grade Index (USD)	4.23	0.47	5.73	0.58	8.15	4.93	2.26	-10.28	7.68	1.03

Unless otherwise specified, all information is as of 12/31/24. Unless stated otherwise, Index refers to S&P Municipal Bond New York 5+ Year Investment Grade Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

S&P Municipal Bond New York 5+ Year Investment Grade Index is a sub-set of the broad S&P Municipal Bond Index. This index of market value-weighted investment grade U.S. municipal bonds seeks to measure the performance of New York issued U.S. municipals whose maturities are greater than or equal to 5 years. An investment cannot be made directly in an index.

The Global Industry Classification Standard was developed by and is the exclusive property and service mark of MSCI, Inc. and Standard & Poor's.

About risk

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.

If interest rates fall, callable security issuers may call or prepay their securities before maturity, causing the fund to reinvest proceeds in securities with lower interest rates and reducing fund income and distributions.

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.

The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

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.

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

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.

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.

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

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

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

The Fund invests a substantial portion of its assets in New York (NY) municipal securities, and will have greater exposure to negative political, economic, regulatory or other factors within the state. Unfavorable developments in any economic sector may have a substantial impact on the overall NY municipal market. Certain issuers of NY municipal bonds have experienced serious financial difficulties in the past, and reoccurrence of these difficulties may impair the ability of such issuers to pay principal or interest on their obligations.

There is no guarantee that the Fund's income will be exempt from federal and state income taxes.

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.

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.

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.

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.

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. Not Rated (NR) 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. Pre-Refunded/Escrowed to Maturity (Prerefunded/ETM) bonds are issues backed by an escrow account, invested in US Treasuries, which is used to pay bondholders. Other includes bonds rated below single B and bonds currently not paying a coupon. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; <https://ratings.moody.io/ratings> and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.

The fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

* **30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **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. **Tax equivalent 30-day SEC yield** quoted above is based on the 2025 top federal tax rate of 40.8%, including the 3.8% tax on earned income under the Patient Protection and Affordable Care Act, as applicable. Had fees not been waived and/or expenses reimbursed, the yield would have been lower. **Weighted average maturity** 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.

- 1. Source: Bloomberg L.P., as of December 31, 2024.
- 2. Source: Federal Reserve, as of December 18, 2024.
- 3. Source: Lipper, as of January 2, 2025.
- 4. Source: Standard and Poor's, as of December 9, 2024.
- 5. Source: Thomson Reuters, as of December 31, 2024.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.