

Invesco Income Fund

Q1 2024

Key takeaways

- 1 US bond markets reversed course in the first quarter**
Interest rates rose 0.30% to 0.40% in the first quarter, fueled by three months of strong nonfarm payroll reports. Additionally, CPI and personal spending data were higher than expected, contributing to the bond selloff.
- 2 The yield curve has remained inverted**
The yield curve shape was little changed during the quarter with the 2- to 10-year portion remaining inverted as shorter maturity bonds yielded 0.42% more than longer term bonds.
- 3 Market revised expectations for 2024 interest rate cuts**
During the first quarter, bond market participants lowered their expectations for Federal Reserve rate cuts from six cuts to 2.7 cuts for the remainder of 2024.

Investment objective

The fund's investment objective is current income, and secondarily, capital appreciation.

Fund facts

Fund AUM (\$M)	299.54
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Portfolio managers

Brian P. Norris, Clint W. Dudley, David Lyle, Kevin Collins, Philip Armstrong

Manager perspective and outlook

- Investment grade non-Agency structured securities generally posted strong performance for the first quarter.
- Yields spreads between Agency mortgage-backed securities (MBS) and US Treasuries remained wide due to higher interest rates and continued interest rate volatility. We see higher coupon MBS as very attractive relative to corporate bonds.
- Strong inflows into fixed income mutual funds had a positive effect on technical conditions (supply/demand balance) this quarter.



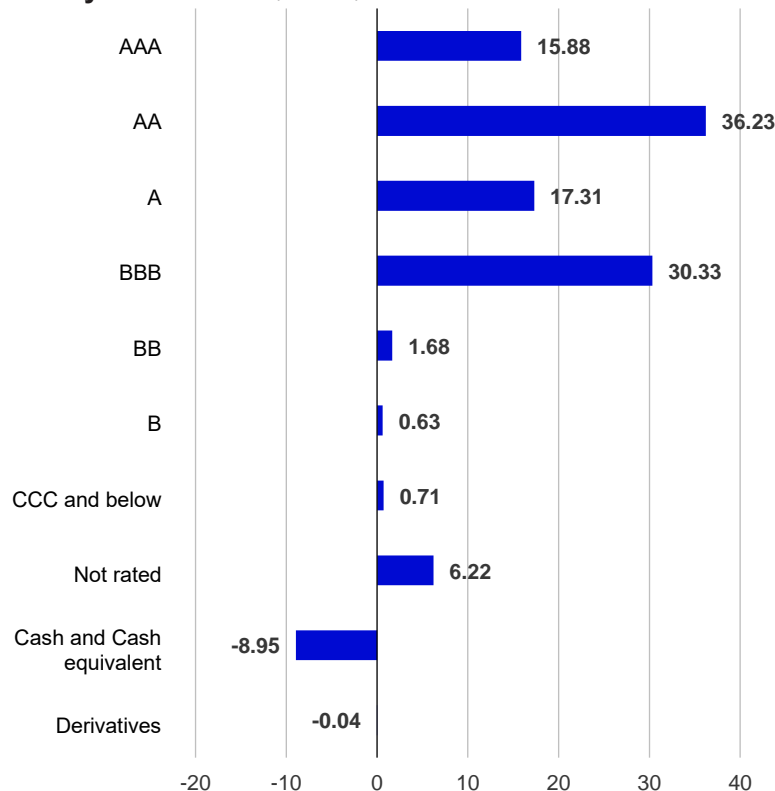
Portfolio characteristics*

Average duration (years)	3.17
Weighted average life (years)	7.17
Average weighted coupon (%)	4.23
30-day SEC yield (Class A shares)	4.80
30-day SEC unsubsidized yield (Class A shares)	4.78

Portfolio positioning

We increased the fund's allocation to Agency MBS from 21% to 24% of assets and raised the allocation to commercial mortgage-backed securities (CMBS) from 14% to 22% of assets.

Quality breakdown (% total)



Investment categories (%)

	Portfolio	Index
Securitized	105.14	28.27
Non-Agency MBS	35.48	0.00
Agency MBS	24.20	26.14
ABS	23.34	0.50
CMBS	22.11	1.63
Corporate	1.78	25.15
Financials	1.78	8.26
Industrial	0.00	14.63
Utility	0.00	2.25
Equity	1.55	0.00
Municipal	0.38	0.75
Local Authorities	0.38	0.75
Non-US Govt/Agency	0.00	3.20
Local Authorities	0.00	0.04
Non-US Agencies	0.00	0.76
Sovereign	0.00	0.98
Supranational	0.00	1.41
Treasuries	0.00	41.73
Agencies	0.00	0.90
Cash & Cash Equivalent	-8.81	0.00
Derivatives & FX	-0.04	0.00

Performance highlights

Invesco Income Fund Class A shares at net asset value (NAV) delivered strong absolute and relative performance this quarter, outperforming its broad-based benchmark. The fund's benchmark does not reflect the fund's positioning from either an asset allocation or duration perspective, and thus performance will often differ, particularly over short periods of time.

Contributors to performance

The fund's holdings of non-Agency residential mortgage-backed securities (RMBS), CMBS and asset-backed securities (ABS) all added to relative return this quarter. The fund's portfolio duration, which was shorter than that of the benchmark, also added to relative performance this quarter.

Detractors from performance

The fund's underweight in corporate bonds was a detractor from relative performance.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 04/28/87	NAV	2.24	2.24	5.04	-0.57	-0.06	0.67	4.21
	Max. Load 4.25%	-2.05	-2.05	0.56	-1.99	-0.93	0.24	4.09
Class R6 shares inception: 04/04/17	NAV	2.19	2.19	5.30	-0.21	0.34	0.92	-
Class Y shares inception: 10/03/08	NAV	2.30	2.30	5.30	-0.36	0.17	0.91	1.90
Bloomberg US Aggregate Bond Index		-0.78	-0.78	1.70	-2.46	0.36	1.54	-
Total return ranking vs. Morningstar Nontraditional Bond category (Class A shares at NAV)		-	-	77% (232 of 305)	78% (204 of 278)	92% (224 of 250)	92% (145 of 161)	-

Expense ratios per the current prospectus: Class A**: Net: 0.97%, Total: 0.98%; Class R6**: Net: 0.55%, Total: 0.56%; Class Y**: Net: 0.72%, Total: 0.73%.

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. 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. 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	3.85	0.18	1.39	1.67	-2.87	10.02	-6.67	3.89	-10.06	5.57
Class R6 shares at NAV	3.85	0.18	1.39	1.99	-2.62	10.26	-6.19	4.21	-9.70	6.15
Class Y shares at NAV	4.22	0.32	1.64	1.93	-2.62	10.29	-6.30	4.01	-9.82	5.83
Bloomberg US Aggregate Bond Index	5.97	0.55	2.65	3.54	0.01	8.72	7.51	-1.54	-13.01	5.53

** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2025.

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to Bloomberg US Aggregate Bond Index.

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

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment grade, fixed-rate bond market. An investment cannot be made directly in an index.

About risk

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

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.

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

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.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

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.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

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 Rating Services (S&P), Moody's Investor Services (Moody's), Fitch Ratings (Fitch), Kroll Bond Rating Agency, Inc (Kroll), DBRS Limited (DBRS) or Morningstar Credit Ratings LLC (Morningstar), as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSR) 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 notices. Ratings are initially measured by taking the middle of three or lower of two ratings from Moody's, S&P, or Fitch at a security level where applicable. Securities not rated by Moody's, S&P or Fitch are measured by taking the middle of three or lower of two ratings from Kroll, DBRS, or Morningstar. Not Rated indicates that the debtor was not rated and should not be interpreted as indicating low quality. For more information on rating methodologies, please visit www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; www.ratings.moody.com and select 'Rating Methodologies' under Research and 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; www.krollbondratings.com and select 'Methodologies' under Understanding Ratings on the homepage; www.dbrs.com and select 'Understanding Ratings' on the homepage; ratingagency.morningstar.com and select 'Methodologies and Guidelines' under Ratings/Surveillance on the homepage.

* **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. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Morningstar

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