



Investment Philosophy and Process

AIM Core Plus Bond Fund

Investment Process

Universe Definition

- Investment-grade corporate bonds
- Foreign securities
- Emerging markets debt
- Mortgage-backed securities
- Asset-backed securities
- Noninvestment-grade securities



Fund Design

Dollar-weighted average maturity (3-10 years)
Duration within ± 1 year of the Barclays Capital U.S. Aggregate Index



Yield Curve and Sector Allocation

Analysts evaluate conditions to identify the best potential for performance, such as:

- Fiscal and monetary policy
- Economic growth
- Corporate outlook
- Global economic conditions



Security Selection

Analysts and portfolio managers evaluate opportunities within issuers based on:

- Credit quality
- Balance sheet and free cash flow analysis
- Industry and company fundamentals



Portfolio Construction

Portfolio managers implement analyst decisions within the context of the fund's design, taking into account the timing and size of the recommended portfolio changes.



Evaluation

Ongoing oversight encompasses:

- Returns and volatility
- Portfolio design and risk parameters
- Macro recommendations
- Security selection

Investment philosophy

We believe fixed-income opportunities are best captured by independent, specialist decision makers interconnected as a global team. We use this approach in our efforts to produce total return while opportunistically seeking enhanced long-term results.

Universe definition

We invest primarily in investment-grade fixed-income securities represented by the sector categories within the Barclays Capital U.S. Aggregate Index. We may also invest up to 30% of the portfolio in out-of-index sectors, including foreign government or corporate and emerging markets debt securities, noninvestment-grade bonds, nondollar-denominated bonds and derivative instruments, such as futures contracts and swap agreements (including credit default swaps).

Macro-level decisions and security selection

A team of independent specialists provide macro-level investment recommendations on factors such as duration, yield curve positioning and sector allocations, as well as individual security selection decisions. Team members conduct top-down macroeconomic and bottom-up individual security analysis. Recommendations are communicated to portfolio managers through proprietary technology that allows all investment professionals to communicate in a timely manner within a common language.

Portfolio construction

Portfolio construction begins with a well-defined fund design that establishes the target sources of return for generating the desired alpha as well as the fund's risk parameters.

Portfolio managers drive the construction process using fund design as their guide. Working closely with sector specialists and traders, they implement specialists' decisions within the context of the fund's design, taking into account the timing and size of the recommended portfolio changes.

Risk management

Disciplined risk management is applied at all levels – from overall fund design, to each investment decision to final portfolio construction. We identify, monitor and manage risk to help ensure portfolio decisions are aligned with fund goals and client expectations.

Sell discipline

Sell decisions are based on:

- Changes in the perceived relative value of a security leading the team to seek better opportunities.
- Changes in economic or market outlook that warrant a modification of the fund's duration.
- Changes in yield curve shape that alter positioning strategies.
- Changes in specific sector outlooks or sectors falling out of favor.
- Changes in security or issuer credit quality.

About risk

Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, relative lack of information, relatively low market liquidity, and the potential lack of strict financial and accounting controls and standards.

The fund is subject to currency/exchange rate risk because it may buy or sell currencies other than the U.S. dollar.

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

Credit risk is the risk of loss on an investment due to the deterioration of an issuer's financial health. Such a deterioration of financial health may result in a reduction of the credit rating of the issuer's securities and may lead to the issuer's inability to honor its contractual obligations, including making timely payment of interest and principal.

Lower rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions, and the secondary markets in which lower rated securities are traded may be less liquid than higher grade securities. The loans in which the fund may invest are typically noninvestment-grade and involve a greater risk of default on interest and principal payments and of price changes due to the changes in the credit quality of the issuer.

The prices of securities held by the fund may decline in response to market risks.

Reinvestment risk is the risk that a bond's cash flows will be reinvested at an interest rate below that of the original bond.

The fund may invest in mortgage- and asset-backed securities. These securities are subject to prepayment or call risk, which is the risk that payments from the borrower may be received earlier or later than expected due to changes in the rate at which the underlying loans are prepaid.

Nondiversification increases the risk that the value of the fund's shares may vary more widely, and the fund may be subject to greater investment and credit risk than if it invested more broadly.

A majority of the fund's assets are likely to be invested in loans and securities that are less liquid than those rated on national exchanges.

Investing in developing countries can add additional risk, such as high rates of inflation or sharply devalued currencies against the U.S. dollar. Transaction costs are often higher, and there may be delays in settlement procedures.

The fund may use enhanced investment techniques such as derivatives. The principal risk of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are subject to counterparty risk – the risk that the other party will not complete the transaction with the fund.

The fund may invest in obligations issued by agencies and instrumentalities of the U.S. government that may vary in the level of support they receive from the U.S. government. The U.S. government may choose not to provide financial support to U.S.-government-sponsored agencies or instrumentalities if it is not legally obligated to do so. In this case, if the issuer defaulted, the fund holding securities of such issuer might not be able to recover its investment from the U.S. government.

Individually negotiated, or over the counter, derivatives are subject to counterparty risk, which is the risk the other party to the contract will not fulfill its contractual obligation to complete the transaction with the fund.

Leveraging entails risks such as magnifying changes in the value of the portfolio's securities.

There is no guarantee that the investment techniques and risk analysis used by the fund's portfolio managers will produce the desired results.

Since a large percentage of the fund's assets may be invested in securities of a limited number of companies, each investment has a greater effect on the fund's overall performance, and any change in the value of those securities could significantly affect the value of an investment in the fund.

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Consider the investment objectives, risks, and charges and expenses carefully. For this and other information about AIM funds, obtain a prospectus from your financial advisor and read it carefully before investing.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

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

Alpha (cash adjusted) is a measure of performance on a risk-adjusted basis.

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Supplemental Information

As of Sept. 30, 2009, Invesco Aim's assets under management were approximately \$157 billion and Invesco Ltd.'s assets under management were approximately \$417 billion.

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It is anticipated that on or about the end of the fourth quarter of 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. will be merged into Invesco Institutional (N.A.), Inc., and the consolidated adviser firm will be renamed Invesco Advisers, Inc. Additional information will be posted at invescoaim.com on or about the end of the fourth quarter of 2009.

