



# Invesco High Income Municipal Fund

## Tax-free noninvestment grade

Data as of Dec. 31, 2011

### Investment objective and strategy

The fund's investment objective is total return, comprised of substantially federal tax-exempt income and taxable capital appreciation.

### Portfolio management

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### Fund Facts

Nasdaq A: AHMAX C: AHMCX Y: AHMYX  
I: AHMIX

Total Net Assets	\$710,728,647
Total Number of Holdings	612
Annual Turnover (as of 02/28/11)	18%

### Investment Categories (%)

Revenue Bonds	94.69
General Obligation Bonds	2.55
Escrow & Prerefunded Bonds	1.81
Cash/Other	0.96

May not equal 100% due to rounding.

### Bond Holding Statistics

Weighted Average Effective Maturity (years)	20.39
Effective Duration	7.39
Option Adjusted Duration	9.31

### Alternative Minimum Tax (AMT)

Exposure	0.00
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### 30-Day SEC Yields

	SEC Yields	Taxable-Equivalent SEC Yields
Class A Shares	5.14	7.91
Class C Shares	4.64	7.14
Class Y Shares	5.64	8.68

The 30-day taxable-equivalent SEC yield represents the tax-adjusted 30-day SEC yield for investors in the highest individual marginal federal income tax bracket (35%). Had fees not been waived and/or expenses reimbursed, the SEC yields would have been 5.04% for Class A shares, 4.54% for Class C shares and 5.54% for Class Y shares. The 30-day taxable-equivalent SEC yields would have been 7.81% for Class A shares, 7.04% for Class C shares and 8.58% for Class Y shares.

### Expense Ratios

	% Net	% Total
Class A Shares	0.85	0.95
Class C Shares	1.60	1.70
Class Y Shares	0.60	0.70

Per the current prospectus

Net = Total annual operating expenses less any voluntary fee waivers and/or expense reimbursements by the adviser and/or distributor. Voluntary arrangements can be discontinued or modified at any time without further notice to investors. See current prospectus for more information.

### Investment Results

#### Before-Tax Average Annual Total Returns (%)

Period	Class A Shares Inception: 01/02/98		Class C Shares Inception: 01/02/98		Class Y Shares Inception: 10/03/08		as of Dec. 31, 2011
	Max Load 4.75%	NAV	Max CDSC 1.00%	NAV	NAV	Style-Specific Index	Barclays Capital High Yield Municipal Bond Index
	Inception	3.63	3.99	3.20	3.20	-	-
10 Years	4.22	4.73	3.94	3.94	4.82	5.51	5.51
5 Years	1.32	2.32	1.55	1.55	2.50	2.20	2.20
3 Years	12.91	14.72	13.82	13.82	14.99	16.06	16.06
1 Year	5.04	10.29	8.46	9.46	10.55	9.25	9.25
Quarter	-2.52	2.33	1.00	2.00	2.26	0.79	0.79

#### After-Tax Average Annual Total Returns (%)

Period	Class A Shares Inception: 01/02/98		Class C Shares Inception: 01/02/98		Class Y Shares Inception: 10/03/08		as of Dec. 31, 2011
	On Distributions	On Distributions and Sale of Fund Shares	On Distributions	On Distributions and Sale of Fund Shares	On Distributions	On Distributions and Sale of Fund Shares	Style-Specific Index
	Inception	3.63	3.85	3.20	3.40	-	-
10 Years	4.22	4.41	3.94	4.09	4.82	4.96	4.96
5 Years	1.32	1.88	1.55	1.99	2.50	2.92	2.92
3 Years	12.91	12.05	13.82	12.76	14.99	13.93	13.93
1 Year	5.04	5.29	8.46	7.33	10.55	9.06	9.06
Quarter	-2.52	-1.17	1.00	1.08	2.26	1.98	1.98

After-tax returns on distributions reduce the distributions by the maximum tax rate before reinvestment. After-tax returns on distributions and sale of fund shares reduce the distributions by the maximum tax rate before reinvestment, assume holdings are redeemed at the end of the return period, and apply the appropriate tax rate to the capital gains or losses realized as a result of the redemption. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. After-tax returns are preliminary. Final data was not available at print date. After-tax returns include sales charges, are calculated using the historical highest individual federal marginal income tax rate and do not reflect the effect of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. 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. Performance shown prior to the inception date of Class Y shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class A share performance reflects any applicable fee waivers or expense reimbursements. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Returns less than one year are cumulative; all others are annualized.

Index sources: Invesco, Barclays Capital

### Calendar-Year Total Returns (%)



### About risk

Many of the instruments that the fund expects to hold may be subject to the risk that the other party to a contract will not fulfill its contractual obligations.

The issuer of instruments in which the fund invests 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.

Defaulted securities involve the substantial risk that principal will not be repaid. Defaulted securities and any

## About risk (continued)

securities received in an exchange for such securities may be subject to restrictions on resale.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high-quality bonds in response to company, political, regulatory or economic developments. Values of junk bonds can decline significantly over short time periods.

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

Leverage created from borrowing or certain types of transactions or instruments, including derivatives, may impair the fund's liquidity, cause it to liquidate positions at an unfavorable time, increase volatility or otherwise not achieve its intended objective.

The fund may hold illiquid securities that it is unable to sell at the preferred time or price and could lose its entire investment in such securities.

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

The fund may invest in municipal securities.

Constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives, and the issuer's regional economic conditions may affect the municipal security's value, interest payments, repayment of principal and the fund's ability to sell it. Failure of a municipal security issuer to comply with applicable tax requirements may make income paid thereon taxable, resulting in a decline in the security's value.

Reinvestment risk is the risk that a bond's cash flows (coupon income and principal repayment) will be reinvested at an interest rate below that on the original bond.

Fluctuations in the values of synthetic instruments may not correlate perfectly with the instruments they are designed to replicate. Some synthetic instruments are more sensitive to interest rate changes and market price fluctuations than others.

**Credit ratings**, as represented by the **quality breakdown**, are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. If securities are rated differently by the rating agencies, the higher rating is applied. For more information on the rating methodology, please visit Standard & Poor's at <http://www.standardandpoors.com/ratings/understanding-ratings/en/us> or Fitch Ratings at [http://www.fitchratings.com/creditdesk/public/ratings\\_definitions/index.cfm?rd\\_file=intro#cr\\_rtngs](http://www.fitchratings.com/creditdesk/public/ratings_definitions/index.cfm?rd_file=intro#cr_rtngs).

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

A portion of the fund's income may be subject to some state and local taxes, and the alternative minimum tax.

The Barclays Capital High Yield Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market. An investment cannot be made directly in an index.

**Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **R-squared** (cash adjusted) expresses the proportion of variation in the return of one fund explained by the return of a benchmark. **Tracking error** measures the difference between returns of a portfolio and its benchmark index. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **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. **Effective 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. **Option adjusted duration** is a modified duration calculation which

## External Comparisons Based on Total or Risk-Adjusted Return

### Morningstar Ratings and Rankings and Lipper Rankings

	Class A Shares as of Dec. 31, 2011				
	Overall	1 Year	3 Years	5 Years	10 Years
vs. Morningstar High Yield Muni Category*					
A Shares (Load)	★★★	N/A	★★★	★★★	★★★
A Shares (Load Waived)	★★★★	N/A	★★★★	★★★	★★★★
Number of Funds in Category	139	N/A	139	120	91
vs. Morningstar High Yield Muni Category**		54% (92 of 168)	30% (42 of 139)	50% (61 of 120)	29% (27 of 91)
vs. Lipper High Yield Muni Debt Funds Category***		52% (65 of 125)	31% (32 of 104)	50% (44 of 88)	24% (15 of 64)

\*Source: ©2012 Morningstar Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on the downward variations and rewarding consistent performance.** With-load ratings include the effect of sales charges, loads and redemption fees. Load-waived ratings exclude sales charges, loads and redemption fees, and are only applicable to investors not subject to sales charges. Had fees not been waived and/or expenses reimbursed currently or in the past, the Morningstar rating would have been lower. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable. Ratings are as of the most recent quarter end and are subject to change every month. A fund is eligible for a Morningstar rating three years after inception. The top 10% of funds in a category receive five stars, the next 22.5% four stars, the next 35% three stars, the next 22.5% two stars and the bottom 10% one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Ratings for other share classes may differ due to different performance characteristics. Past performance does not guarantee future results.

\*\*Source: Morningstar Inc. **Morningstar rankings are based on total return, excluding sales charges and including fees and expenses**, versus all funds in the category tracked by Morningstar.

\*\*\*Source: Lipper Inc. **Lipper fund percentile rankings are based on total returns, excluding sales charges and including fees and expenses**, and are versus all funds in the category tracked by Lipper.

## Portfolio Characteristics

### Statistics

Fund vs. Index	3 Years	5 Years
Alpha (%)	-0.33	0.17
Beta	0.94	0.97
R-Squared	0.93	0.93
Tracking Error (%)	2.10	2.70
Up Capture (%)	91.57	96.80
Down Capture (%)	93.77	95.90
	Fund	Index
3-Year Standard Deviation	7.69	7.86

Source: StyleADVISOR; based on Class A shares and fund's style-specific index

### Quality Breakdown

	% Total
Cash	-0.29
AAA	0.09
AA	4.82
A	7.40
BBB	25.86
BB	4.18
B	0.26
Not Rated	57.68

Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. See **credit rating** definition for more information.

### Top Holdings (Coupon %)

	% of Total Net Assets
Illinois Fin. Auth. Rev. Clare Oaks (6.875) 8/15/38	0.91
Community Memorial Health System, CA (7.5) 12/1/41	0.84
St. John the Baptist (Parish of) LA (5.125) 6/1/37	0.76
Central Texas Regional Mobility Authority (6) 1/1/41	0.72
West Virginia State Hospital Fin. Auth. (6.5) 10/1/38	0.67
Hillside, IL Tax Increment Rev. (7) 1/1/28	0.66
WI Health & Education Facilities Authority (7.25) 9/15/29	0.60
Pima County Industrial Devel. Auth. (5.25) 10/1/40	0.55
Platte County, MO Industrial Dev. Auth. (6.85) 4/1/29	0.49
Decatur, TX Hospital Authority (7) 9/1/25	0.46

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

### Top Five States

	% of Total Net Assets
Texas	12.83
Colorado	9.00
Minnesota	8.71
Illinois	8.75
Florida	5.84

incorporates the expected duration-shortening effect of an issuer's embedded call provision.

All data provided by Invesco unless otherwise noted.

## NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks, charges and expenses carefully before investing. Please read the prospectus carefully before investing. For this and more complete information about the funds, contact your financial advisor or visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus).

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

## Invesco High Income Municipal Fund

Data as of Dec. 31, 2011

### Performance summary

- The fund's Class A shares at net asset value (NAV) outperformed the Barclays Capital High Yield Municipal Bond Index in the fourth quarter. (Please see the returns table on page 1 for fund and index performance.)

### Contributors to performance

- Strong security selection and an overweight in the hospital sector, specifically the life care subsector, added to relative performance for the quarter.
- A significant underweight allocation in industrial development revenue/pollution control revenue bonds also added to results.
- A significant overweight, coupled with strong security selection, in the education sector also had a positive effect on relative performance.

### Detractors from performance

- Unfavorable security selection in the transportation sector slightly hindered relative performance.
- An underweight in the housing sector slightly detracted from relative return.

### Positioning and outlook

- After careful consideration, the Invesco Funds Board of Trustees has approved reorganizations of our U.S. mutual fund lineup, pending shareholder approval, to reduce overlap and enhance efficiency across our product offerings. It has been proposed that Invesco High Income Municipal Fund be acquired by Invesco Van Kampen High Yield Municipal Fund.
- The fund merger will not alter the fund's investment philosophy.
- For fund outlook please see Invesco Van Kampen High Yield Municipal Fund Commentary.

Opinions expressed are those of the fund's portfolio management. Holdings are subject to change and are not buy/sell recommendations.