



# AIM Municipal Bond Fund

## Tax-free investment grade

Data as of Dec. 31, 2009

### Investment objective and strategy

The fund seeks a high level of current income exempt from federal income taxes, consistent with the preservation of principal, by investing primarily in a diversified portfolio of investment-grade municipal bonds.

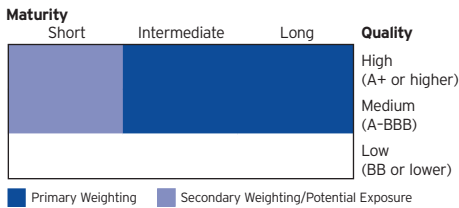
### Portfolio management

Richard A. Berry, Stephen D. Turman

### Fund Facts

Nasdaq	A: AMBDX B: AMBBX C: AMBCX Investor: AMBIX Y: AMBYX
Total Net Assets	\$592,191,383
Total Number of Holdings	407
Annual Turnover (as of 07/31/09)	31%

### Investment Map(s)



The map illustrates areas in which the fund may invest, not necessarily within a limited period of time. This fund is not classified with regard to one primary bond quality or bond maturity.

### Sectors (%)

Insured Bonds	45.11
Noninsured Revenue Bonds	23.10
Prerefunded Bonds	22.58
Noninsured General Obligation Bonds	8.48

Sectors may not equal 100% due to rounding.

### Bond Holding Statistics

Weighted Average Effective Maturity (years)	15.39
Effective Duration	5.42
Average Credit Quality	AA
Average Coupon (%)	5.28
Average Dollar Price	102.68

### Alternative Minimum Tax

Exposure	2.65
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### 30-Day SEC Yields

	SEC Yields	Table- Equivalent SEC Yields
Class A Shares	3.11	4.78
Class C Shares	2.51	3.86
Investor Class Shares	3.33	5.12
Class Y Shares	3.51	5.40

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%).

### Expense Ratios

	% Net	% Total
Class A Shares	0.57	0.86
Class C Shares	1.32	1.61
Investor Class Shares	0.47	0.76
Class Y Shares	0.32	0.61

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2011. See current prospectus for more information.

### Investment Results

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

Period	Class A Shares Inception: 03/28/77		Class C Shares Inception: 08/04/97		Investor Class Shares Inception: 09/30/03	Class Y Shares Inception: 10/03/08	Style-Specific Index
	Max Load 4.75%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	Barclays Capital Municipal Bond Index
Inception	5.85	6.00	3.57	3.57	-	-	-
10 Years	4.37	4.88	4.09	4.09	4.96	4.91	5.75
5 Years	2.74	3.75	2.98	2.98	3.85	3.81	4.32
3 Years	1.98	3.63	2.82	2.82	3.71	3.73	4.41
1 Year	7.03	12.41	10.45	11.45	12.39	12.69	12.91
Quarter	-5.44	-0.74	-1.91	-0.93	-0.72	-0.68	-0.96

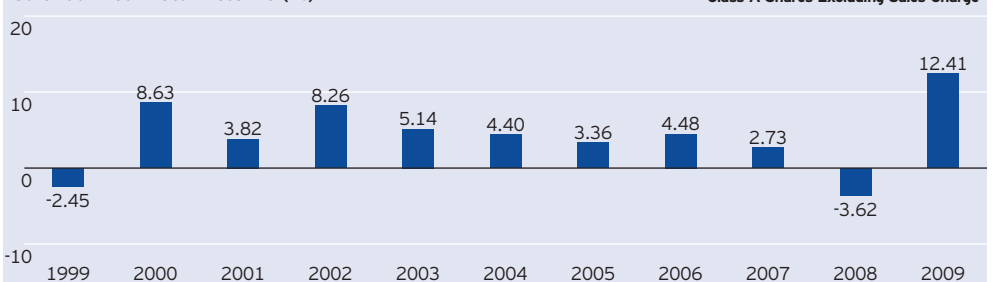
#### After-Tax Average Annual Total Returns (%)

Period	Class A Shares Inception: 03/28/77		Class C Shares Inception: 08/04/97		Investor Class Shares Inception: 09/30/03	Class Y Shares Inception: 10/03/08
	On Distributions	On Distributions and Sale of Fund Shares	On Distributions	On Distributions and Sale of Fund Shares	On Distributions and Sale of Fund Shares	On Distributions and Sale of Fund Shares
Inception	5.61	5.63	3.56	3.61	-	-
10 Years	4.37	4.40	4.09	4.07	4.96	4.94
5 Years	2.74	2.95	2.98	3.07	3.85	3.94
3 Years	1.98	2.30	2.82	2.93	3.71	3.82
1 Year	7.03	6.18	10.45	8.20	12.39	9.78
Quarter	-5.44	-3.17	-1.91	-0.92	-0.72	-0.07

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. 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. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invescoaim.com](http://invescoaim.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. 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. Investor Class shares have no sales charge; therefore, performance is at NAV. Returns since the Investor Class shares' inception date are historical returns. All other returns are blended returns of historical Investor Class share performance and restated Class A share performance (for periods prior to the inception date of Investor Class shares) at NAV and reflect the Rule 12b-1 fees applicable to Class A shares. Class Y shares have no sales charge; therefore, performance is at NAV. Returns since the Class Y shares' inception date are actual returns. All other returns are blended returns of actual Class Y share performance and restated Class A share performance (for periods prior to the inception date of Class Y shares) at NAV and reflect the Rule 12b-1 fees as well as any fee waivers or expense reimbursements applicable to Class A shares. 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 other performance figures are annualized.

Index source: Lipper Inc.

### Calendar-Year Total Returns (%)



## About risk

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.

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

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.

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

The value of, payment of interest on and repayment of principal for the fund as well as the fund's ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions where the issuers in which the fund invests are located.

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

Investor Class shares are closed to new investors. Investors should contact their financial adviser about other share classes.

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

Income may be subject to state and local taxes. There is no guarantee that the fund's income will be exempt from federal income taxes, including the alternative minimum tax. This information does not constitute tax advice. Please consult your tax adviser for more complete information.

The Barclays Capital Municipal Bond Index is an unmanaged index considered representative of the tax-exempt bond market.

**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** 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. 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. NR indicates the debtor was not rated and should not be interpreted as indicating low quality.

All data provided by Invesco unless otherwise noted.

## External Comparisons

### Morningstar Ratings and Rankings and Lipper Rankings

	Class A Shares as of Dec. 31, 2009				
	Overall	1 Year	3 Years	5 Years	10 Years
vs. Morningstar Muni National Long Category*					
A Shares (Load)	★★★	N/A	★★★	★★★	★★★
A Shares (Load Waived)	★★★★	N/A	★★★★	★★★★	★★★★
Number of Funds in Category	255	N/A	255	232	203
vs. Morningstar Muni National Long Category**		84%	20%	19%	39%
	(228 of 271)	(50 of 255)	(44 of 232)	(80 of 203)	
vs. Lipper General Muni Debt Category***		77%	23%	20%	38%
	(191 of 248)	(51 of 221)	(41 of 204)	(61 of 163)	

\*Source: ©2010 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 (%)	-0.52	-0.41
Beta	0.90	0.91
R-Squared	0.97	0.97
Tracking Error (%)	1.12	0.90
Up Capture (%)	88.45	90.69
Down Capture (%)	94.61	95.68
	<b>Fund</b>	<b>Index</b>
3-Year Standard Deviation	5.46	6.00

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

### Quality Breakdown

	% Total
AAA	21.15
AA	21.11
A	26.71
BBB	4.17
BB	0.36
B	0.80
CCC	0.00
CC	0.00
C	0.00
D	0.00
NR	3.08

May not equal 100% due to exclusion of cash, payables and receivables

### Top Holdings (Coupon %)

	% of Total Net Assets
Petersburg, IN, Pollution Control (5.4) 8/1/17	1.81
Boston, MA, Water & Sewer Common (5.25) 11/1/19	1.05
Port Authority, NY and NJ Cons. (6.125) 6/1/94	1.05
Massachusetts State Development (6) 5/15/59	1.04
Spring Branch, TX, ISD (5.75) 2/1/24	0.86
Detroit, MI, Water Supply (5) 7/1/30	0.81
Bartow, FL Water & Sewer Enterprise (4.25) 10/1/29	0.79
Harris Co., Houston, TX, Sports Authority (5.25) 11/15/40	0.79
Missouri St. Health & Edl Facs Auth. (5.125) 6/15/41	0.73
St. Louis Park MN Revenue (0.27) 7/1/37	0.73

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

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

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

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

## AIM Municipal Bond Fund

Data as of Dec. 31, 2009

### Performance summary

- The fund's Class A shares at net asset value (NAV) outperformed the Barclay's Municipal Index before tax during the quarter. (Please see the returns table on page 1 for fund and index performance.)

### Contributors to performance

- A lower duration relative to the index was a contributor as yields on the short end of the municipal curve fell while they rose slightly on the long end.
- Credit quality was a key contributor as the fund maintains a higher relative credit quality exposure which outperformed during the quarter. Prerefunded bonds were a key sector contributor as these issues are typically AAA rated.

### Detractors from performance

- Our yield curve exposure, which includes an overweight to long-maturity bonds, was a primary detractor as long-maturity bonds underperformed versus short-maturity bonds.
- Exposure to California municipal bonds detracted as California was the worst performing state across the municipal universe.

### Positioning and outlook

- We expect continued pressure on credit spreads due to lack of bond supply as Build America Bonds continue to squeeze out taxable issuance.
- Fund duration remains short due to speculations the Federal Reserve will need to raise interest rates.
- Because the timing of the economic recovery remains in doubt, we're avoiding distressed market areas and we expect to maintain a more defensive sector posture.
- We continue to focus on essential-service revenue bonds, due to greater repayment certainty. Most states face financial deficits, and as the outlook for the recovery remains weak, general-obligation issues may remain under relative and absolute return pressure.
- Demographic trends favor municipal bonds while baby boomers approach retirement and look for ways to maximize after-tax income.
- Tax and fiscal policy also favor municipal bonds because the Obama administration has indicated its desire to repeal tax cuts implemented in 2003. The American Recovery and Reinvestment Act was passed in January and intends to provide more than \$800 billion in funding to states for health care, education and infrastructure spending.
- Markets have experienced a strong recovery during 2009, which continued into the fourth quarter. Demand for municipal bonds remains strong, as evidenced by strong inflows into municipal bond funds, which is driving bond prices higher. Municipal bonds are interest rate sensitive and will move down in price when interest rates rise. We would like to caution investors against making investment decisions based on short-term performance. As always, we recommend that you consult a financial advisor to discuss your individual financial program.

Opinions expressed are those of the fund's portfolio management.