



# AIM Tax-Free Intermediate Fund

## Tax-free investment grade

Data as of Dec. 31, 2009

### Investment objective and strategy

The fund seeks to generate a high level of federally tax-exempt income, consistent with preservation of capital, by investing in higher quality, intermediate-term municipal securities.

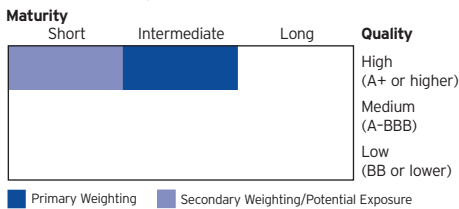
### Portfolio management

Richard A. Berry, Stephen D. Turman

### Fund Facts

Nasdaq	A3: ATFAX A: AITFX Y: ATFYX I: ATFIX
Total Net Assets	\$1,526,026,981
Total Number of Holdings	768
Annual Turnover (as of 03/31/09)	22%

### Investment Map(s)



The map illustrates areas in which the fund typically invests, not necessarily within a limited period of time.

### Sectors (%)

Noninsured Revenue Bonds	47.73
Insured Bonds	34.11
Noninsured General Obligation Bonds	11.05
Prerefunded Bonds	1.13

Sectors may not equal 100% due to rounding.

### Bond Holding Statistics

Weighted Average Effective Maturity (years)	7.80
Effective Duration	4.44
Average Credit Quality	AA+
Average Dollar Price	103.54

### Alternative Minimum Tax

Exposure	0.00
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### 30-Day SEC Yields

	% Total
Class A3 Shares	2.42
Class A Shares	2.65
Class Y Shares	2.67

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 A3 Shares	0.69	0.69
Class A Shares	0.44	0.44
Class Y Shares	0.44	0.44

Per the current prospectus

### Investment Results

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

Period	Class A3 Shares Inception: 10/31/02		Class A Shares Inception: 05/11/87		Class Y Shares Inception: 10/03/08		as of Dec. 31, 2009
	NAV	Max Load 1.00%	NAV	NAV	NAV	Style-Specific Index	
Inception		5.36	5.41		-		Merrill Lynch 3-7 Year Municipal Index
10 Years	4.45	4.67	4.78		4.77		5.42
5 Years	3.66	3.72	3.94		3.91		4.59
3 Years	5.16	5.07	5.42		5.38		6.12
1 Year	9.79	8.92	10.06		9.96		7.16
Quarter	-0.32	-1.22	-0.25		-0.25		0.38

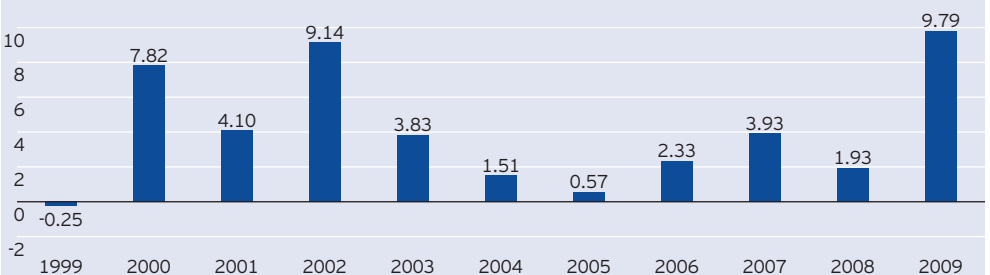
#### After-Tax Average Annual Total Returns (%)

Period	Class A3 Shares Inception: 10/31/02		Class A Shares Inception: 05/11/87		Class Y Shares Inception: 10/03/08		as of Dec. 31, 2009
	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	
Inception	-	-	5.35	5.31	-	-	
10 Years	4.42	4.39	4.65	4.62	4.74	4.71	
5 Years	3.62	3.69	3.68	3.77	3.87	3.94	
3 Years	5.12	4.97	5.03	4.92	5.34	5.19	
1 Year	9.79	7.73	8.92	7.24	9.96	7.93	
Quarter	-0.32	0.09	-1.22	-0.48	-0.25	0.15	

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. 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. 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. Class A3 shares are sold without initial sales charge and are not subject to a CDSC. However, they are subject to other fees and expenses described in the fund prospectus. Class A3 shares have no sales charge; therefore, performance is at NAV. Returns since Class A3 shares' inception date are historical returns. Returns prior to that date are restated Class A share performance at NAV, adjusted to reflect the higher Rule 12b-1 fees applicable to Class A3 shares. All other returns are the blended returns of historical Class A3 share performance and restated Class A share performance. 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 (%)



Inception year is 2002.

## About risk

Because many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and the fund.

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.

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.

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.

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.

The tax-exempt character of the interest paid on synthetic municipal securities is based on the tax-exempt income stream from the collateral. The Internal Revenue Service has not ruled on this issue and could deem income derived from synthetic municipal securities to be taxable.

Class A 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.

On Feb. 1, 2010, AIM Tax-Free Intermediate Fund Class A shares will be renamed Class A2 shares and will continue to be closed to new investors. The fund's Class A3 shares will be renamed Class A shares, and purchases will be subject to a sales charge. See the prospectus supplement for more information.

A portion of the fund's income may be subject to some state and local taxes, as well as the alternative minimum tax. This information does not constitute tax advice. Please consult your tax adviser for more complete information.

The Merrill Lynch 3-7 Year Municipal Index consists of bonds with an outstanding par greater than or equal to \$25 million and a maturity range between three and seven years. 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** is a measure, as estimated by the

## External Comparisons

### Morningstar Ratings and Rankings and Lipper Rankings

Class A3 Shares as of Dec. 31, 2009

	Overall	1 Year	3 Years	5 Years	10 Years
vs. Morningstar Muni National Intermediate Category*					
A3 Shares (Load)	★★★★	N/A	★★★★★	★★★★	N/A
A3 Shares (Load Waived)	N/A	N/A	N/A	N/A	N/A
Number of Funds in Category	219	N/A	219	198	N/A
vs. Morningstar Muni National Intermediate Category**		67%	5%	33%	N/A
	(166 of 246)	(11 of 219)	(65 of 198)		N/A
vs. Lipper Intermediate Muni Debt Category***		64%	7%	37%	N/A
	(101 of 157)	(9 of 142)	(46 of 125)		N/A

\*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 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 (%)	0.07	-0.47
Beta	0.75	0.76
R-Squared	0.78	0.80
Tracking Error (%)	1.98	1.57
Up Capture (%)	79.03	76.62
Down Capture (%)	71.48	73.55
	<b>Fund</b>	<b>Index</b>
3-Year Standard Deviation	3.47	4.12

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

### Quality Breakdown

	% Total
AAA	25.04
AA	37.33
A	28.23
BBB	6.59
BB	0.00
B	0.00
CCC	0.00
CC	0.00
C	0.00
D	0.00
NR	0.68

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

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.

## 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 Tax-Free Intermediate Fund

Data as of Dec. 31, 2009

### Performance summary

- The fund's Class A3 shares at net asset value (NAV) underperformed the Merrill Lynch 3-7 Year Municipal Index before tax during the quarter. (Please see the returns table on page 1 for fund and index performance.)

### Contributors to performance

- An overweight to revenue bonds was a relative and absolute contributor to performance as asset-backed bonds generally outperformed general-obligation bonds.
- Credit quality was an absolute contributor as higher rated bonds outperformed bonds of lower credit ratings. The fund ended the quarter with more than 90% exposure to bonds rated A or above.
- An overweight to bonds from the state of Texas were a contributor as these issues outperformed the broader index.

### Detractors from performance

- Cash was a slight relative detractor despite meager returns for the index during the quarter. Cash exposure was held primarily in variable-rate demand notes.
- Our yield curve exposure was a relative and absolute detractor as we maintained a bias towards longer maturity bonds which underperformed short-maturity bonds. The index has a higher exposure to shorter maturity issues.

### Positioning and outlook

- Investors should expect us to maintain our short-maturity structure because we believe the next major move in interest rates is up. Timing on the move is uncertain, so patience may be required. Maintaining a short-maturity structure will allow us to hold bonds until maturity and roll them into higher yield bonds as interest rates rise. This approach aids in capturing yield instead of capital gains, which are not tax exempt.
- We continue to maintain focus on essential-service revenue bonds, due to greater certainty of repayment. Because many states face financial deficits and outlooks continue to be weak, general-obligation bonds may come under pressure.
- The fund does not own any bonds that may be subject to the alternative minimum tax and doesn't intend to buy them in the future.
- 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. Demand for municipal bonds remains strong, as evidenced by strong inflows into municipal bond funds, which is driving bond prices higher. Additionally, 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.