



AIM High Yield Fund

Semiannual Report to Shareholders ■ January 31, 2009



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For the most current month-end Fund performance and commentary, please visit invescoaim.com.

Unless otherwise noted, all data provided by Invesco Aim.

This report must be accompanied or preceded by a currently effective Fund prospectus, which contains more complete information, including sales charges and expenses. Investors should read it carefully before investing.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Fund Performance

Performance summary

Fund vs. Indexes

Cumulative total returns, 7/31/08 to 1/31/09, at net asset value (NAV). Performance shown does not include applicable contingent deferred sales charges (CDSC) or front-end sales charges, which would have reduced performance.

Class A Shares	-19.80%
Class B Shares	-20.25
Class C Shares	-20.38
Class Y Shares*	-19.78
Investor Class Shares	-19.98
Barclays Capital U.S. Aggregate Index ^{▼**} (Broad Market Index)	3.23
Barclays Capital U.S. Corporate High Yield Index ^{▼**} (Style-Specific Index)	-19.62
Lipper High Current Yield Bond Funds Index [▼] (Peer Group Index)	-23.21

[▼]Lipper Inc.

*Share class inception during the reporting period. A detailed explanation follows later in this report.

**Effective 11/03/08, the Lehman Brothers indexes were rebranded as Barclays Capital indexes.

The **Barclays Capital U.S. Aggregate Index** covers U.S. investment-grade fixed-rate bonds with components for government and corporate securities, mortgage pass-throughs, and asset-backed securities.

The **Barclays Capital U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Pay-in-kind bonds, Eurobonds, and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging countries are included.

The **Lipper High Current Yield Bond Funds Index** is an equally weighted representation of the largest funds in the Lipper High Current Yield Bond Funds category. These funds have no credit rating restriction, but tend to invest in fixed-income securities with lower credit ratings.

The Fund is not managed to track the performance of any particular index, including the indexes defined here, and consequently, the performance of the Fund may deviate significantly from the performance of the indexes.

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of an index of funds reflects fund expenses; performance of a market index does not.

Average Annual Total Returns

As of 1/31/09, including maximum applicable sales charges

Class A Shares

Inception (7/11/78)	6.57%
10 Years	-1.87
5 Years	-1.34
1 Year	-23.60

Class B Shares

Inception (9/1/93)	1.31%
10 Years	-1.96
5 Years	-1.44
1 Year	-24.10

Class C Shares

Inception (8/4/97)	-1.92%
10 Years	-2.15
5 Years	-1.19
1 Year	-21.34

Class Y Shares

10 Years	-1.39%
5 Years	-0.38
1 Year	-19.71

Investor Class Shares

10 Years	-1.38%
5 Years	-0.37
1 Year	-19.90

Average Annual Total Returns

As of 12/31/08, the most recent calendar quarter-end, including maximum applicable sales charges

Class A Shares

Inception (7/11/78)	6.40%
10 Years	-2.29
5 Years	-1.93
1 Year	-28.92

Class B Shares

Inception (9/1/93)	0.96%
10 Years	-2.39
5 Years	-2.02
1 Year	-29.30

Class C Shares

Inception (8/4/97)	-2.36%
10 Years	-2.53
5 Years	-1.71
1 Year	-26.50

Class Y Shares

10 Years	-1.77%
5 Years	-0.90
1 Year	-25.14

Investor Class Shares

10 Years	-1.80%
5 Years	-1.00
1 Year	-25.39

Investor Class shares' inception date is September 30, 2003. Returns since that 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 net asset value, which restated performance will reflect the higher Rule 12b-1 fees applicable to Class A shares for the period using blended returns. Class A shares' inception date is July 11, 1978.

Class Y shares' inception date is October 3, 2008; returns since that 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 net asset value. The restated Class A share performance reflects the Rule 12b-1 fees applicable to Class A shares as well as any fee waivers or expense reimbursements received by Class A shares. Class A shares' inception date is July 11, 1978.

The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or

higher. Please visit invescoaaim.com for the most recent month-end performance. Performance figures reflect reinvested distributions, changes in net asset value and the effect of the maximum sales charge unless otherwise stated. Performance figures do not reflect deduction of taxes a shareholder would pay on Fund distributions or sale of Fund shares. Investment return and principal value will fluctuate so that you may have a gain or loss when you sell shares.

The net annual operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Class A, Class B, Class C, Class Y and Investor Class shares was 1.01%, 1.76%, 1.76%, 0.76% and 0.97%.¹ The total annual Fund operating expense ratio set forth in the most recent Fund prospectus as of the date of this report for Class A, Class B, Class C, Class Y and Investor Class shares was 1.15%, 1.90%, 1.90%, 0.90% and 1.11%, respectively. The expense ratios presented above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.

Class A share performance reflects the maximum 4.75% sales charge, and Class B and Class C share performance reflects the applicable contingent deferred sales charge (CDSC) for the period involved. The CDSC on Class B shares declines from 5% beginning at the time of purchase to 0% at the beginning of the seventh year. The CDSC on Class C shares is 1% for the first year after purchase. Class Y shares and Investor Class shares do not have a front-end sales charge or a CDSC; therefore, performance is at net asset value.

The performance of the Fund's share classes will differ primarily due to different sales charge structures and class expenses.

A redemption fee of 2% will be imposed on certain redemptions or exchanges out of the Fund within 31 days of purchase. Exceptions to the redemption fee are listed in the Fund's prospectus.

¹ Total annual operating expenses less any contractual fee waivers and/or reimbursements by the advisor in effect through at least June 30, 2010. See current prospectus for more information.



Bruce Crockett

Dear Fellow Shareholders:

Since my last letter, continuing troubles in the global economy and financial markets have negatively affected all investors. While no one likes to see investment values decline as sharply as they have recently, as mutual fund investors we can find some consolation in the knowledge that our fund investments are more transparent, more comprehensively governed, and more closely regulated than most other kinds of investments.

In addition, mutual funds generally are more diversified than other investments; as shareholders we invest not in a single security but in a portfolio of multiple securities. Mutual fund investors also have the opportunity to diversify further among different types of funds that each deploy a different strategy and focus on different kinds of securities. To develop a diversified and disciplined investing plan that is right for you, I encourage you to consult an investment professional who has the knowledge and the tools to help you establish, implement, and monitor the plan. You may also visit the

Invesco Aim website at invescoaim.com to read timely market commentary from Invesco Aim management, strategists and portfolio managers. The site recently received a Gold Award for its user-friendly navigation and graphics from The Mutual Funds Monitor Awards, sponsored by Corporate Insight.

As always, your Board of Trustees and Invesco Aim are committed to putting your interests first by controlling costs, monitoring investment performance and streamlining the investment management process. Your Board has already begun the annual review and management contract renewal process with the continuing goal of making AIM funds one of the best and most cost-effective ways for you to invest your hard-earned money.

Please feel free to contact me in writing with your questions or concerns. You can send an email to me at bruce@brucecrockett.com.

Sincerely,

Bruce L. Crockett
Independent Chair, AIM Funds Board of Trustees



Philip Taylor

Dear Shareholders:

Calendar year 2008 was a painful one for investors, with major market indexes in the U.S. and overseas declining sharply. Unfortunately, but as expected, that decline continued in January 2009.

No one can predict when this difficult period might end. Problems that began in the credit markets and the financials sector have now spread throughout the global economy. The U.S. housing market remains weak, recent corporate earnings were largely disappointing, and consumer confidence and spending have declined in recent months.

In response to these challenges, the U.S. Federal Reserve (the Fed) sharply reduced short-term interest rate targets in an effort to stimulate economic growth. The Fed, the U.S. Department of the Treasury and other federal agencies have taken – and seem likely to continue to take – extraordinary action to bolster investor confidence, inject liquidity into the credit markets and jumpstart the economy.

Even with the distractions from this difficult environment, I remain focused on my long-term investment goals, and I urge you to do the same. It's important to remember that many of history's significant investment opportunities were the result of crises that, in their time, were unprecedented. Our portfolio managers have managed funds in up markets and down markets, and they are working diligently to find ways to capitalize on this extended market decline.

In times like these, a trusted financial advisor who is familiar with your individual investment goals, financial situation and risk tolerance can provide useful advice and reassurance. Your financial advisor can provide market guidance and can monitor your investments to keep you on track regarding your long-term goals.

While market conditions may change, our commitment to putting shareholders first and providing excellent customer service remains constant. If you have questions about your account, contact us at 800 959 4246. Thank you for your continued confidence in Invesco Aim and for allowing us to serve you.

Sincerely,

Philip Taylor
Senior Managing Director, Invesco Ltd., CEO, Invesco Aim

Schedule of Investments^(a)

January 31, 2009
(Unaudited)

	Principal Amount	Value
Bonds & Notes—89.13%		
Airlines—2.11%		
American Airlines, Series 1999-1, Class A-2, Sec. Pass Through Cdfs., 7.02%, 10/15/09	\$ 725,000	\$ 676,969
Continental Airlines Inc., Sr. Unsec. Unsub. Notes, 8.75%, 12/01/11 ^(b)	2,810,000	1,995,100
Series 2000-1, Class C-1, Sec. Sub. Pass Through Cdfs., 8.50%, 05/01/11	789,166	591,874
Series 2000-2, Class B, Sec. Sub. Pass Through Cdfs., 8.31%, 04/02/18	819,954	676,462
Series 2001-1, Class B, Sec. Sub. Pass Through Cdfs., 7.37%, 12/15/15	713,203	506,374
Delta Air Lines Inc., Series 2002-1, Class C, Pass Through Cdfs., 7.78%, 01/02/12	4,313,451	3,860,539
Series 2007-1, Class C, Global Pass Through Cdfs., 8.95%, 08/10/14	3,620,575	2,244,756
United Air Lines, Inc., Series 2007-1, Class B, Sr. Sec. Gtd. Global Pass Through Cdfs., 7.34%, 07/02/19 ^(c)	2,019,473	1,130,905
		11,682,979
Alternative Carriers—0.94%		
Intelsat Subsidiary Holding Co. Ltd. (Bermuda), Sr. Unsec. Notes, 8.50%, 01/15/13 ^(c)	2,230,000	2,129,650
Level 3 Financing Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 9.25%, 11/01/14	4,175,000	3,089,500
		5,219,150
Aluminum—1.03%		
Century Aluminum Co., Sr. Unsec. Gtd. Global Notes, 7.50%, 08/15/14	1,975,000	1,135,625
Novelis Inc. (Canada), Sr. Unsec. Gtd. Global Notes, 7.25%, 02/15/15	7,800,000	4,563,000
		5,698,625
Apparel Retail—0.89%		
Collective Brands, Inc., Sr. Unsec. Gtd. Sub. Global Notes, 8.25%, 08/01/13 ^(b)	5,735,000	4,932,100

	Principal Amount	Value
Apparel, Accessories & Luxury Goods—2.82%		
American Achievement Corp., Sr. Unsec. Gtd. Sub. Notes, 8.25%, 04/01/12 ^(c)	\$2,795,000	\$ 2,194,075
Hanesbrands, Inc., Series B, Sr. Unsec. Gtd. Floating Rate Global Notes, 5.70%, 12/15/14 ^(d)	4,720,000	3,610,800
Levi Strauss & Co., Sr. Unsec. Unsub. Global Notes, 8.88%, 04/01/16	9,600,000	7,536,000
Perry Ellis International, Inc., Series B, Sr. Unsec. Gtd. Sub. Global Notes, 8.88%, 09/15/13	3,705,000	2,278,575
		15,619,450
Auto Parts & Equipment—0.54%		
Lear Corp., Series B, Sr. Unsec. Gtd. Global Notes, 8.50%, 12/01/13	3,860,000	887,800
Tenneco Inc., Sr. Unsec. Gtd. Global Notes, 8.13%, 11/15/15	2,950,000	1,025,125
Series B, Sr. Sec. Gtd. Global Second Lien Notes, 10.25%, 07/15/13	1,291,000	890,790
Visteon Corp., Sr. Unsec. Unsub. Notes, 7.00%, 03/10/14	2,775,000	194,250
		2,997,965
Automobile Manufacturers—0.69%		
Ford Motor Co., Sr. Unsec. Unsub. Global Notes, 7.45%, 07/16/31	5,195,000	1,181,863
General Motors Corp., Sr. Unsec. Unsub. Global Notes, 7.20%, 01/15/11 ^(b)	6,310,000	1,388,200
Sr. Unsec. Unsub. Notes, 8.38%, 07/15/33 ^(b)	7,725,000	1,236,000
		3,806,063
Broadcasting—3.06%		
Charter Communications Holdings II LLC/Charter Communications Holdings II Capital Corp., Sr. Unsec. Notes, 10.25%, 09/15/10 ^(b)	4,445,000	2,733,675
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp., Sr. Sec. Gtd. Second Lien Notes, 8.00%, 04/30/12 ^(c)	2,945,000	2,532,700
CSC Holdings Inc., Sr. Notes, 8.50%, 04/15/14 ^{(b)(c)}	1,345,000	1,331,550

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Broadcasting--(continued)		
Hughes Network Systems LLC/HNS Finance Corp., Sr. Unsec. Gtd. Global Notes, 9.50%, 04/15/14	\$3,720,000	\$ 3,162,000
Rainbow National Services LLC, Sr. Unsec. Gtd. Unsub. Notes, 8.75%, 09/01/12 ^(c)	4,690,000	4,725,175
Virgin Media Finance PLC (United Kingdom), Sr. Unsec. Gtd. Global Notes, 8.75%, 04/15/14	2,807,000	2,428,055
		16,913,155
Building Products--1.52%		
AMH Holdings Inc., Sr. Unsec. Disc. Global Notes, 11.25%, 03/01/14 ^{(b)(e)}	9,035,000	4,156,100
Building Materials Corp. of America, Sec. Gtd. Second Lien Global Notes, 7.75%, 08/01/14 ^(b)	4,310,000	2,887,700
Ply Gem Industries Inc., Sr. Sec. Gtd. First & Second Lien Global Notes, 11.75%, 06/15/13 ^(b)	2,440,000	1,372,500
		8,416,300
Casinos & Gaming--4.83%		
Great Canadian Gaming Corp. (Canada), Sr. Unsec. Gtd. Sub. Notes, 7.25%, 02/15/15 ^(c)	1,378,000	1,047,280
Mandalay Resort Group, Sr. Unsec. Gtd. Global Notes, 6.50%, 07/31/09	2,675,000	2,588,063
Sr. Unsec. Sub. Gtd. Global Notes, 9.38%, 02/15/10	1,490,000	1,236,700
MGM Mirage, Sr. Sec. Gtd. Notes, 13.00%, 11/15/13 ^{(b)(c)}	3,720,000	3,375,900
Sr. Unsec. Gtd. Global Notes, 6.63%, 07/15/15 ^(b)	4,630,000	2,610,162
Sr. Unsec. Gtd. Unsub. Notes, 6.00%, 10/01/09	1,600,000	1,476,000
7.50%, 06/01/16 ^(b)	1,800,000	978,750
Sr. Unsec. Unsub. Gtd. Notes, 8.50%, 09/15/10 ^(b)	1,280,000	1,043,200
Mohegan Tribal Gaming Authority, Sr. Unsec. Sub. Gtd. Global Notes, 6.38%, 07/15/09	2,145,000	2,077,969
Pinnacle Entertainment, Inc., Sr. Unsec. Gtd. Sub. Notes, 8.75%, 10/01/13	3,000,000	2,812,500
Seneca Gaming Corp., Sr. Unsec. Unsub. Global Notes, 7.25%, 05/01/12	2,275,000	1,842,750
Series B, Sr. Unsec. Global Notes, 7.25%, 05/01/12	1,340,000	1,085,400

	Principal Amount	Value
Casinos & Gaming--(continued)		
Snoqualmie Entertainment Authority, Sr. Sec. Notes, 9.13%, 02/01/15 ^(c)	\$4,325,000	\$ 2,681,500
Wynn Las Vegas Capital LLC/Corp., Sr. Sec. Gtd. Global First Mortgage Notes, 6.63%, 12/01/14	1,640,000	1,188,180
6.63%, 12/01/14	940,000	681,030
		26,725,384
Coal & Consumable Fuels--0.36%		
Massey Energy Co., Sr. Unsec. Gtd. Unsub. Global Notes, 6.88%, 12/15/13	2,250,000	1,996,875
Commercial Printing--0.02%		
Quebecor World Inc. (Canada), Sr. Notes, 9.75%, 01/15/15 ^{(b)(c)(f)}	1,395,000	115,088
Construction & Engineering--1.29%		
Great Lakes Dredge & Dock Corp., Sr. Unsec. Gtd. Sub. Global Notes, 7.75%, 12/15/13	3,705,000	3,158,512
MasTec, Inc., Sr. Unsec. Gtd. Global Notes, 7.63%, 02/01/17	4,940,000	3,989,050
		7,147,562
Construction & Farm Machinery & Heavy Trucks--0.72%		
Terex Corp., Sr. Unsec. Gtd. Sub. Global Notes, 7.38%, 01/15/14	1,095,000	952,650
Titan International, Inc., Sr. Unsec. Gtd. Global Notes, 8.00%, 01/15/12	3,595,000	3,037,775
		3,990,425
Construction Materials--1.28%		
Texas Industries, Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 7.25%, 07/15/13	930,000	709,125
Sr. Unsec. Gtd. Unsub. Notes, 7.25%, 07/15/13 ^(c)	2,295,000	1,749,937
U.S. Concrete, Inc., Sr. Unsec. Gtd. Sub. Global Notes, 8.38%, 04/01/14	8,135,000	4,596,275
		7,055,337
Consumer Finance--2.58%		
Ford Motor Credit Co. LLC, Sr. Unsec. Unsub. Global Notes, 7.00%, 10/01/13 ^(b)	2,645,000	1,666,350
Sr. Unsec. Unsub. Notes, 8.63%, 11/01/10	4,455,000	3,597,412
9.88%, 08/10/11	1,865,000	1,445,375

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Consumer Finance--(continued)		
General Motors Acceptance Corp. LLC, Sr. Unsec. Unsub. Global Notes, 6.88%, 09/15/11	\$2,755,000	\$ 2,011,150
Sr. Unsec. Unsub. Gtd. Notes, 7.50%, 12/31/13 (Acquired 12/31/08; Cost \$290,585) ^(c)	397,000	228,275
6.75%, 12/01/14 (Acquired 12/31/08; Cost \$2,992,362) ^(c)	4,156,000	2,763,740
8.00%, 11/01/31 (Acquired 12/31/08; Cost \$2,430,145) ^{(b)(c)}	3,827,000	2,358,389
Unsec. Sub. Notes, 8.00%, 12/31/18 (Acquired 12/31/08; Cost \$250,865) ^(c)	477,000	193,781
		14,264,472
Data Processing & Outsourced Services--1.48%		
First Data Corp., Sr. Notes, 9.88%, 09/24/15 ^(c)	2,230,000	1,254,375
Sr. Unsec. Gtd. Global Notes, 9.88%, 09/24/15 ^(b)	4,505,000	2,534,062
Lender Processing Services Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 8.13%, 07/01/16	1,400,000	1,354,500
Sungard Data Systems Inc., Sr. Unsec. Gtd. Global Notes, 9.13%, 08/15/13	3,658,000	3,072,720
		8,215,657
Department Stores--0.31%		
Neiman Marcus Group Inc. (The), Sr. Unsec. Sub. Gtd. Global Notes, 10.38%, 10/15/15	3,645,000	1,694,925
Diversified Metals & Mining--1.04%		
FMG Finance Pty. Ltd. (Australia), Sr. Sec. Notes, 10.63%, 09/01/16 ^(c)	2,570,000	1,709,050
Freeport-McMoRan Copper & Gold Inc., Sr. Unsec. Notes, 8.25%, 04/01/15 ^(b)	3,760,000	3,241,825
Vedanta Resources PLC (United Kingdom), Sr. Unsec. Notes, 9.50%, 07/18/18 ^(c)	1,350,000	796,500
		5,747,375
Diversified Support Services--1.21%		
Education Management LLC/ Education Management Finance Corp., Sr. Unsec. Gtd. Global Notes, 8.75%, 06/01/14	1,435,000	1,237,687
GEO Group, Inc. (The), Sr. Unsec. Global Notes, 8.25%, 07/15/13	1,145,000	1,024,775

	Principal Amount	Value
Diversified Support Services--(continued)		
Mobile Mini, Inc., Sr. Unsec. Gtd. Global Notes, 9.75%, 08/01/14	\$ 935,000	\$ 701,250
Travelport LLC, Sr. Unsec. Gtd. Sub. Global Notes, 11.88%, 09/01/16	2,730,000	873,600
Sr. Unsec. Gtd. Unsub. Global Notes, 9.88%, 09/01/14	6,970,000	2,857,700
		6,695,012
Drug Retail--0.53%		
General Nutrition Centers Inc., Sr. Unsec. Gtd. PIK Floating Rate Global Notes, 7.58%, 03/15/14 ^(d)	3,335,000	2,051,025
Rite Aid Corp., Sr. Unsec. Gtd. Unsub. Notes, 8.63%, 03/01/15	3,075,000	876,375
		2,927,400
Electric Utilities--1.69%		
Edison Mission Energy, Sr. Unsec. Global Notes, 7.00%, 05/15/17 ^(b)	1,395,000	1,307,813
Elwood Energy LLC, Sr. Sec. Global Notes, 8.16%, 07/05/26	1,995,154	1,616,075
LSP Energy L.P./LSP Batesville Funding Corp., Series C, Sr. Sec. Mortgage Bonds, 7.16%, 01/15/14	2,159,820	2,068,060
Tenaska Alabama Partners L.P., Sr. Sec. Mortgage Notes, 7.00%, 06/30/21 ^(c)	5,572,622	4,346,645
		9,338,593
Gas Utilities--0.42%		
Ferrellgas Escrow LLC/Ferrellgas Finance Escrow Corp., Sr. Unsec. Global Notes, 6.75%, 05/01/14	2,890,000	2,326,450
General Merchandise Stores--1.51%		
Dollar General Corp., Sr. Unsec. Gtd. Sub. PIK Global Notes, 11.88%, 07/15/17	2,965,000	2,742,625
Pantry, Inc. (The), Sr. Unsec. Gtd. Sub. Global Notes, 7.75%, 02/15/14	3,750,000	2,775,000
Susser Holdings LLC & Susser Finance Corp., Sr. Unsec. Gtd. Global Notes, 10.63%, 12/15/13	3,031,000	2,833,985
		8,351,610
Health Care Equipment--0.48%		
DJO Finance LLC/DJO Finance Corp., Sr. Unsec. Gtd. Global Notes, 10.88%, 11/15/14	2,600,000	1,950,000

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Health Care Equipment--(continued)		
Fresenius US Finance II Inc., Sr. Unsec. Notes, 9.00%, 07/15/15 ^(c)	\$ 705,000	\$ 713,813
		2,663,813
Health Care Facilities--4.59%		
Community Health Systems Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 8.88%, 07/15/15 ^(b)	4,345,000	4,236,375
HCA, Inc., Sr. Sec. Gtd. Global Notes, 9.13%, 11/15/14 ^(b)	1,355,000	1,294,025
9.25%, 11/15/16 ^(b)	7,400,000	7,011,500
Sr. Sec. Gtd. PIK Global Notes, 9.63%, 11/15/16	3,000,000	2,490,000
Sr. Unsec. Global Notes, 6.38%, 01/15/15	935,000	649,825
Sr. Unsec. Notes, 8.75%, 09/01/10	1,470,000	1,470,000
Healthsouth Corp., Sr. Unsec. Gtd. Floating Rate Global Notes, 8.32%, 06/15/14 ^(d)	1,400,000	1,176,000
Sr. Unsec. Gtd. Global Notes, 10.75%, 06/15/16 ^(b)	5,560,000	5,504,400
Tenet Healthcare Corp., Sr. Unsec. Unsub. Notes, 6.38%, 12/01/11 ^(b)	1,770,000	1,566,450
		25,398,575
Health Care Services--2.36%		
FMC Finance III SA, Sr. Unsec. Gtd. Global Notes, 6.88%, 07/15/17	1,560,000	1,486,329
Multiplan Inc., Sr. Unsec. Sub. Notes, 10.38%, 04/15/16 ^(c)	1,716,000	1,334,190
Omnicare Inc., Sr. Unsec. Gtd. Sub. Notes, 6.75%, 12/15/13	805,000	756,700
6.88%, 12/15/15	1,875,000	1,725,000
Rural/Metro Corp., Sr. Gtd. Sub. Global Notes, 9.88%, 03/15/15	930,000	785,850
Universal Hospital Services Inc., Sr. Sec. PIK Global Notes, 8.50%, 06/01/15	2,810,000	2,430,650
US Oncology Inc., Sr. Unsec. Gtd. Global Notes, 9.00%, 08/15/12	3,325,000	3,150,438
Viant Holdings Inc., Sr. Unsec. Gtd. Sub. Notes, 10.13%, 07/15/17 (Acquired 6/25/07-9/12/08; Cost \$3,045,548) ^(c)	3,341,000	1,369,810
		13,038,967

	Principal Amount	Value
Homebuilding--0.10%		
K. Hovnanian Enterprises Inc., Sr. Sec. Gtd. Global Notes, 11.50%, 05/01/13	\$ 385,000	\$ 319,550
TOUSA, Inc., Sr. Unsec. Gtd. Global Notes, 9.00%, 07/01/10 ^(f)	2,875,000	186,875
9.00%, 07/01/10 ^{(b)(f)}	935,000	60,775
		567,200
Hotels, Resorts & Cruise Lines--1.03%		
NCL Corp. Ltd., Sr. Unsec. Unsub. Global Notes, 10.63%, 07/15/14	3,450,000	2,921,319
Royal Caribbean Cruises Ltd. (Liberia), Sr. Unsec. Unsub. Global Notes, 6.88%, 12/01/13	2,120,000	1,356,800
Royal Caribbean Cruises Ltd. (Trinidad), Sr. Unsec. Unsub. Yankee Notes, 7.25%, 03/15/18 ^(b)	2,230,000	1,427,200
		5,705,319
Housewares & Specialties--0.50%		
Jarden Corp., Sr. Unsec. Gtd. Sub. Notes, 7.50%, 05/01/17 ^(b)	775,000	562,844
Yankee Acquisition Corp., Series B, Sr. Gtd. Global Notes, 8.50%, 02/15/15 ^(b)	4,645,000	2,177,344
		2,740,188
Independent Power Producers & Energy Traders--3.67%		
AES Red Oak LLC, Series A, Sr. Sec. Bonds, 8.54%, 11/30/19	4,363,637	4,145,456
Energy Future Holdings Corp., Sr. Unsec. Gtd. Global Notes, 10.88%, 11/01/17	9,160,000	7,282,200
Series P, Sr. Unsec. Unsub. Global Notes, 5.55%, 11/15/14	51,000	27,158
Intergen N.V. (Netherlands), Sr. Sec. Gtd. Bonds, 9.00%, 06/30/17 ^(c)	1,275,000	1,185,750
Mirant Americas Generation LLC, Sr. Unsec. Notes, 8.50%, 10/01/21	2,755,000	2,355,525
NRG Energy, Inc., Sr. Unsec. Gtd. Unsub. Notes, 7.38%, 02/01/16 ^(b)	1,451,000	1,403,842
7.38%, 01/15/17	1,645,000	1,566,862
Texas Competitive Electric Holdings Co. LLC, Sr. Unsec. Gtd. Notes, 10.25%, 11/01/15 ^(c)	3,100,000	2,332,750
		20,299,543

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Industrial Conglomerates–0.73%		
Aleris International Inc., Sr. Unsec. Gtd. PIK Global Notes, 9.00%, 12/15/14	\$3,060,000	\$ 214,200
Indalex Holding Corp., Series B, Sr. Sec. Gtd. Global Notes, 11.50%, 02/01/14	3,260,000	464,550
RBS Global Inc./Rexnord LLC, Sr. Unsec. Unsub. Gtd. Global Notes, 9.50%, 08/01/14	3,895,000	3,378,913
		4,057,663

Industrial Machinery–0.35%

Columbus McKinnon Corp., Sr. Unsec. Gtd. Sub. Global Notes, 8.88%, 11/01/13	2,130,000	1,927,650
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Integrated Telecommunication Services–4.13%

Frontier Communications Corp., Sr. Unsec. Global Notes, 7.88%, 01/15/27	4,890,000	3,667,500
Sr. Unsec. Unsub. Global Notes, 9.00%, 08/15/31	4,565,000	3,469,400
Hawaiian Telcom Communications Inc., Series B, Sr. Unsec. Gtd. Unsub. Global Notes, 9.75%, 05/01/13 ^{(b)(i)}	5,275,000	474,750
Intelsat Jackson Holdings Ltd. (Bermuda), Sr. Unsec. Gtd. Global Notes, 11.25%, 06/15/16	3,015,000	2,909,475
Qwest Communications International Inc., Sr. Unsec. Gtd. Global Notes, 7.25%, 02/15/11	8,317,000	7,963,528
Wind Acquisition Finance SA (Luxembourg), Sr. Sec. Gtd. Bonds, 10.75%, 12/01/15 ^(c)	2,335,000	2,121,931
Windstream Corp., Sr. Unsec. Gtd. Unsub. Global Notes, 8.13%, 08/01/13	1,860,000	1,843,725
8.63%, 08/01/16	400,000	393,000
		22,843,309

Investment Banking & Brokerage–0.12%

E*Trade Financial Corp., Sr. Unsec. Notes, 7.88%, 12/01/15 ^(b)	1,630,000	692,750
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Movies & Entertainment–0.60%

AMC Entertainment Inc., Sr. Unsec. Sub. Global Notes, 8.00%, 03/01/14	2,800,000	2,114,000
Marquee Holdings Inc., Sr. Unsec. Disc. Global Notes, 12.00%, 08/15/14	1,875,000	1,228,125
		3,342,125

Multi-Sector Holdings–0.35%

Stena A.B. (Sweden), Sr. Unsec. Global Notes, 7.50%, 11/01/13	\$2,790,000	\$ 1,953,000
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Office Electronics–0.25%

Xerox Corp., Sr. Unsec. Notes, 5.65%, 05/15/13	1,500,000	1,362,214
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Office Services & Supplies–0.09%

ACCO Brands Corp., Sr. Unsec. Gtd. Sub. Global Notes, 7.63%, 08/15/15 ^(b)	1,095,000	476,325
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Oil & Gas Equipment & Services–0.87%

Bristow Group, Inc., Sr. Unsec. Gtd. Global Notes, 7.50%, 09/15/17	1,385,000	1,031,825
Calfrac Holdings L.P., Sr. Unsec. Notes, 7.75%, 02/15/15 ^(c)	3,850,000	2,406,250
Compagnie Generale de Geophysique-Veritas (France), Sr. Unsec. Gtd. Global Notes, 7.75%, 05/15/17	1,885,000	1,357,200
		4,795,275

Oil & Gas Exploration & Production–5.60%

Chaparral Energy Inc., Sr. Unsec. Gtd. Global Notes, 8.50%, 12/01/15	2,244,000	504,900
8.88%, 02/01/17	4,845,000	1,090,125
Chesapeake Energy Corp., Sr. Unsec. Gtd. Global Notes, 6.38%, 06/15/15	6,415,000	5,484,825
6.88%, 11/15/20	1,340,000	1,085,400
Sr. Unsec. Gtd. Notes, 9.50%, 02/15/15	1,290,000	1,273,875
Cimarex Energy Co., Sr. Unsec. Gtd. Notes, 7.13%, 05/01/17	1,375,000	1,203,125
Delta Petroleum Corp., Sr. Unsec. Gtd. Sub. Global Notes, 7.00%, 04/01/15	8,255,000	3,074,987
Encore Acquisition Co., Sr. Unsec. Gtd. Sub. Global Notes, 6.00%, 07/15/15	4,160,000	3,348,800
Gaz Capital S.A. (Luxembourg), Sr. Sec. Gtd. Notes, 8.15%, 04/11/18 ^(c)	2,300,000	1,766,652
Newfield Exploration Co., Sr. Unsec. Sub. Global Notes, 7.13%, 05/15/18	2,240,000	2,004,800
Petroleos Mexicanos (Mexico), Notes, 8.00%, 05/03/19 ^(c)	1,425,000	1,377,757

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Oil & Gas Exploration & Production--(continued)		
Plains Exploration & Production Co., Sr. Unsec. Gtd. Notes, 7.75%, 06/15/15	\$ 1,875,000	\$ 1,725,000
7.63%, 06/01/18	2,565,000	2,205,900
Range Resources Corp., Sr. Unsec. Gtd. Sub. Notes, 7.50%, 05/15/16	1,998,000	1,893,105
SandRidge Energy, Inc., Sr. Unsec. Gtd. Unsub. Notes, 8.00%, 06/01/18 ^(c)	2,090,000	1,651,100
Swift Energy Co., Sr. Unsec. Gtd. Notes, 7.13%, 06/01/17	1,935,000	1,315,800
		31,006,151

Oil & Gas Refining & Marketing--0.96%

Tesoro Corp., Sr. Unsec. Gtd. Unsub. Global Bonds, 6.50%, 06/01/17	5,345,000	4,035,475
United Refining Co., Series 2, Sr. Unsec. Gtd. Global Notes, 10.50%, 08/15/12	1,970,000	1,290,350
		5,325,825

Oil & Gas Storage & Transportation--2.05%

Copano Energy LLC, Sr. Unsec. Gtd. Global Notes, 8.13%, 03/01/16	4,505,000	3,727,887
Inergy L.P./Inergy Finance Corp., Sr. Notes, 8.75%, 03/01/15 ^(c)	1,710,000	1,633,050
Sr. Unsec. Gtd. Global Notes, 8.25%, 03/01/16	1,865,000	1,697,150
Kinder Morgan Energy Partners L.P., Sr. Unsec. Putable Notes, 9.00%, 02/01/12	1,250,000	1,366,757
MarkWest Energy Partners L.P./MarkWest Energy Finance Corp., Series B, Sr. Unsec. Gtd. Global Notes, 8.75%, 04/15/18	2,235,000	1,606,406
Williams Partners L.P./Williams Partners Finance Corp., Sr. Unsec. Global Notes, 7.25%, 02/01/17	1,495,000	1,327,747
		11,358,997

Packaged Foods & Meats--0.88%

Chiquita Brands International, Inc., Sr. Unsec. Global Notes, 7.50%, 11/01/14	740,000	592,000
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	Principal Amount	Value
Packaged Foods & Meats--(continued)		
Dole Food Co. Inc., Sr. Unsec. Gtd. Global Notes, 7.25%, 06/15/10	\$ 1,920,000	\$ 1,641,600
Sr. Unsec. Gtd. Unsub. Global Notes, 8.63%, 05/01/09 ^(b)	2,785,000	2,638,788
		4,872,388

Paper Packaging--1.38%

Caraustar Industries, Inc., Sr. Unsec. Unsub. Notes, 7.38%, 06/01/09	5,066,000	2,786,300
Graham Packaging Co. Inc., Sr. Unsec. Gtd. Sub. Global Notes, 9.88%, 10/15/14 ^(b)	1,832,000	1,172,480
Rock-Tenn Co., Sr. Unsec. Gtd. Notes, 9.25%, 03/15/16 ^(c)	3,735,000	3,688,312
		7,647,092

Paper Products--3.24%

Abitibi-Consolidated Co. of Canada (Canada), Sr. Sec. Gtd. Notes, 13.75%, 04/01/11 ^(c)	2,030,000	1,532,650
Cellu Tissue Holdings, Inc., Sec. Gtd. Global Notes, 9.75%, 03/15/10	2,975,000	2,439,500
Domtar Corp., Sr. Unsec. Gtd. Global Notes, 5.38%, 12/01/13	2,945,000	2,135,125
Exopack Holding Corp., Sr. Unsec. Gtd. Global Notes, 11.25%, 02/01/14	3,085,000	1,789,300
Georgia-Pacific LLC, Sr. Unsec. Gtd. Unsub. Notes, 7.00%, 01/15/15 ^(c)	1,860,000	1,701,900
7.13%, 01/15/17 ^{(b)(c)}	1,340,000	1,232,800
Mercer International Inc., Sr. Unsec. Global Notes, 9.25%, 02/15/13	8,025,000	4,092,750
Neenah Paper, Inc., Sr. Unsec. Gtd. Global Notes, 7.38%, 11/15/14	3,015,000	1,658,250
Verso Paper Holdings LLC/Verso Paper Inc. Series B, Sr. Unsec. Gtd. Sub. Global Notes, 11.38%, 08/01/16	4,900,000	1,323,000
		17,905,275

Personal Products--0.52%

NBTY, Inc., Sr. Unsec. Gtd. Sub. Global Notes, 7.13%, 10/01/15	3,675,000	2,866,500
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Pharmaceuticals–0.96%		
Elan Finance PLC/Elan Finance Corp. (Ireland), Sr. Unsec. Gtd. Global Notes, 7.75%, 11/15/11	\$ 6,620,000	\$ 5,287,725
Property & Casualty Insurance–0.52%		
Crum & Forster Holdings Corp., Sr. Unsec. Unsub. Global Notes, 7.75%, 05/01/17	3,745,000	2,864,925
Publishing–1.24%		
Dex Media Inc., Sr. Unsec. Disc. Global Notes, 9.00%, 11/15/13	5,120,000	768,000
Dex Media West LLC/Dex Media West Finance Co., Series B, Sr. Unsec. Sub. Global Notes, 9.88%, 08/15/13	2,394,000	718,200
MediMedia USA Inc., Sr. Sub. Notes, 11.38%, 11/15/14 ^(c)	465,000	306,900
Nielsen Finance LLC/Nielsen Finance Co., Sr. Notes, 11.63%, 02/01/14 ^(c)	1,135,000	1,058,387
Sr. Unsec. Gtd. Sub. Disc. Global Notes, 12.50%, 08/01/16 ^(e)	8,875,000	3,727,500
Reader's Digest Association Inc. (The), Sr. Unsec. Gtd. Sub. Global Notes, 9.00%, 02/15/17	3,080,000	308,000
		6,886,987
Railroads–0.24%		
Kansas City Southern Railway, Sr. Unsec. Gtd. Unsub. Notes, 8.00%, 06/01/15 ^(b)	1,427,000	1,312,840
Semiconductor Equipment–0.63%		
Amkor Technology Inc., Sr. Unsec. Global Notes, 7.13%, 03/15/11	4,555,000	3,330,844
Sr. Unsec. Gtd. Notes, 9.25%, 06/01/16	260,000	147,550
		3,478,394
Semiconductors–3.46%		
Avago Technologies Finance Pte./Avago Technologies U.S./ Avago Technologies Wireless (Singapore), Sr. Unsec. Gtd. Global Notes, 10.13%, 12/01/13	6,670,000	5,452,725
Sr. Unsec. Gtd. Sub. Global Notes, 11.88%, 12/01/15	1,880,000	1,419,400
Freescall Semiconductor Inc., Sr. Unsec. Gtd. Notes, 8.88%, 12/15/14	7,275,000	1,673,250
Sr. Unsec. Gtd. Sub. Notes, 10.13%, 12/15/16 ^(b)	4,480,000	828,800

	Principal Amount	Value
Semiconductors–(continued)		
MagnaChip Semiconductor S.A./MagnaChip Semiconductor Finance Co. (South Korea), Sr. Sec. Gtd. Global Notes, 6.88%, 12/15/11 ^(f)	\$ 5,465,000	\$ 300,575
NXP BV/NXP Funding LLC (Netherlands), Sr. Sec. Gtd. Global Notes, 7.88%, 10/15/14 ^(b)	7,895,000	2,250,075
Spansion Inc., Sr. Sec. Floating Rate Notes, 5.33%, 06/01/13 ^{(c)(d)}	6,390,000	1,677,375
Viasystems Inc., Sr. Unsec. Gtd. Sub. Global Notes, 10.50%, 01/15/11	7,458,000	5,518,920
		19,121,120
Specialty Chemicals–2.23%		
Huntsman International LLC, Sr. Unsec. Gtd. Sub. Global Notes, 7.88%, 11/15/14	1,395,000	732,375
7.38%, 01/01/15	4,610,000	2,374,150
JohnsonDiversey Holdings Inc., Series B, Sr. Unsec. Sub. Disc. Global Notes, 10.67%, 05/15/13	1,594,000	1,195,500
Nalco Co., Unsec. Gtd. Sub. Global Notes, 8.88%, 11/15/13	3,995,000	3,775,275
NewMarket Corp., Sr. Unsec. Gtd. Unsub. Global Notes, 7.13%, 12/15/16	2,330,000	1,829,050
Polypore Inc., Sr. Unsec. Gtd. Sub. Global Notes, 8.75%, 05/15/12	3,205,000	2,403,750
		12,310,100
Specialty Stores–1.12%		
Michaels Stores, Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 10.00%, 11/01/14 ^(b)	3,830,000	1,733,075
Sally Holdings LLC/Sally Capital Inc., Sr. Unsec. Gtd. Global Notes, 9.25%, 11/15/14 ^(b)	4,155,000	3,879,731
Staples Inc., Sr. Unsec. Global Notes, 9.75%, 01/15/14	540,000	574,776
		6,187,582
Steel–1.04%		
Metals USA, Inc., Sr. Sec. Gtd. Global Notes, 11.13%, 12/01/15	2,820,000	1,861,200
Steel Capital S.A. (Russia), Sec. Loan Participation Notes, 9.75%, 07/29/13 ^(c)	3,200,000	1,936,000

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Steel—(continued)		
Steel Dynamics Inc., Sr. Unsec. Unsub. Notes, 7.75%, 04/15/16 ^(c)	\$ 2,395,000	\$ 1,945,937
		5,743,137
Tires & Rubber—1.55%		
Cooper Tire & Rubber Co., Sr. Unsec. Unsub. Notes, 8.00%, 12/15/19	4,735,000	2,414,850
7.63%, 03/15/27	3,715,000	1,541,725
Goodyear Tire & Rubber Co. (The), Sr. Unsec. Gtd. Unsub. Global Notes, 9.00%, 07/01/15 ^(b)	4,973,000	4,624,890
		8,581,465
Trading Companies & Distributors—1.62%		
Ashtead Capital Inc., Sr. Sec. Gtd. Notes, 9.00%, 08/15/16 ^(c)	2,120,000	1,266,700
United Rentals North America, Inc., Sr. Unsec. Gtd. Global Notes, 6.50%, 02/15/12 ^(b)	5,653,000	4,663,725
Sr. Unsec. Gtd. Sub. Global Notes, 7.75%, 11/15/13 ^(b)	350,000	228,375
Wesco Distribution Inc., Sr. Gtd. Sub. Global Notes, 7.50%, 10/15/17	3,865,000	2,792,462
		8,951,262
Trucking—0.67%		
Hertz Corp. (The), Sr. Unsec. Gtd. Global Notes, 8.88%, 01/01/14	5,580,000	3,696,750
Wireless Telecommunication Services—6.13%		
Centennial Cellular Operating Co./Centennial Communications Corp., Sr. Unsec. Gtd. Global Notes, 10.13%, 06/15/13	5,310,000	5,495,850
Cricket Communications Inc., Sr. Unsec. Gtd. Unsub. Global Notes, 9.38%, 11/01/14 ^(b)	885,000	823,050
Sr. Unsec. Gtd. Unsub. Notes, 10.00%, 07/15/15 ^(c)	3,800,000	3,543,500
Crown Castle International Corp., Sr. Unsec. Notes, 9.00%, 01/15/15	4,000,000	3,910,000
Digicel Group Ltd. (Bermuda), Sr. Unsec. Notes, 8.88%, 01/15/15 ^{(b)(c)}	9,010,000	6,656,138
iPCS Inc., Sr. Sec. Gtd. Floating Rate First Lien Global Notes, 5.32%, 05/01/13 ^(d)	1,400,000	1,008,000

	Principal Amount	Value
Wireless Telecommunication Services—(continued)		
MetroPCS Wireless Inc., Sr. Notes, 9.25%, 11/01/14 ^(c)	\$ 2,150,000	\$ 2,021,000
Sprint Capital Corp., Sr. Unsec. Gtd. Global Notes, 8.38%, 03/15/12	6,145,000	5,030,635
Sr. Unsec. Gtd. Unsub. Global Notes, 6.88%, 11/15/28	3,035,000	1,770,206
Sr. Unsec. Unsub. Gtd. Global Notes, 7.63%, 01/30/11	2,140,000	1,816,886
VIP Finance Ireland Ltd. (Ireland), Sec. Loan Participation Notes, 8.38%, 04/30/13 ^(c)	2,700,000	1,853,447
		33,928,712
Total Bonds & Notes (Cost \$673,005,683)		493,075,095

	Shares	
Common Stocks & Other Equity Interests—0.68%		
Broadcasting—0.53%		
Adelphia Communications Corp., Sr. Notes 10.88%, 10/01/10 ^(g)	—	100,500
Adelphia Recovery Trust—Series ACC-1 ^(g)	4,846,549	84,815
Adelphia Recovery Trust—Series ARAHOVA ^(g)	2,211,702	331,755
Sirius XM Radio Inc.—Wts., expiring 03/15/10 ^(h)	3,470	3,158
Time Warner Cable, Inc.—Class A ⁽ⁱ⁾	104,129	1,939,923
Virgin Media Inc.	103,800	471,252
		2,931,403

Construction Materials—0.00%		
Dayton Superior Corp.—Wts., expiring 06/15/09 (Acquired 8/07/00-1/30/01; Cost \$10,000) ^{(c)(h)}	10,780	0

Integrated Telecommunication Services—0.00%		
XO Holdings Inc. ^(h)	609	88
XO Holdings Inc.—Class A—Wts., expiring 01/16/10 ^(h)	23,135	116
XO Holdings Inc.—Class B—Wts., expiring 01/16/10 ^(h)	17,351	69
XO Holdings Inc.—Class C—Wts., expiring 01/16/10 ^(h)	17,351	35
		308

Wireless Telecommunication Services—0.15%		
iPCS, Inc. ⁽ⁱ⁾	164,248	814,670
Total Common Stocks & Other Equity Interests (Cost \$10,662,208)		3,746,381

Preferred Stocks—0.58%		
Investment Banking & Brokerage—0.12%		
Preferred Blocker Inc. 7.00%—Pfd. (Acquired 12/31/08; Cost \$884,133) ^(c)	2,809	701,197

Packaged Foods & Meats—0.46%		
Heinz (H.J.) Finance Co.—Series B, 8.00%—Pfd. ^(c)	28	2,534,000
Total Preferred Stocks (Cost \$3,684,133)		3,235,197

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
Senior Secured Floating Rate Interest Loans—0.15%		
Airlines—0.15%		
Evergreen International Aviation, Inc. Sr. Gtd. First Lien Term Loan, 9.00%, 10/31/11 (Cost \$1,481,597)	\$ 1,481,597	\$ 829,694
Money Market Funds—8.69%		
Liquid Assets Portfolio—Institutional Class ⁽ⁱ⁾	24,032,263	24,032,263
Premier Portfolio—Institutional Class ⁽ⁱ⁾	24,032,263	24,032,263
Total Money Market Funds (Cost \$48,064,526)		48,064,526
TOTAL INVESTMENTS (excluding investments purchased with cash collateral from securities on loan)—99.23% (Cost \$736,898,147)		548,950,893

Investment Abbreviations:

Ctfs. — Certificates
Disc. — Discounted
Gtd. — Guaranteed
Pfd. — Preferred
PIK — Payment in Kind
Sec. — Secured

Sr. — Senior
Sub. — Subordinated
Unsec. — Unsecured
Unsub. — Unsubordinated
Wts. — Warrants

Notes to Schedule of Investments:

- (a) Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
- (b) All or a portion of this security was out on loan at January 31, 2009.
- (c) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended. The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at January 31, 2009 was \$88,213,811, which represented 15.95% of the Fund's Net Assets.
- (d) Interest or dividend rate is redetermined periodically. Rate shown is the rate in effect on January 31, 2009.
- (e) Step coupon bond. The interest rate represents the coupon rate at which the bond will accrue at a specified future date.
- (f) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The aggregate market value of these securities at January 31, 2009 was \$1,352,263, which represented 0.24% of the Fund's Net Assets.
- (g) Non-income producing security acquired as part of the Adelphia Communications bankruptcy reorganization.
- (h) Non-income producing security acquired through a corporate action or as an exchange of other securities.
- (i) Non-income producing security.
- (j) The money market fund and the Fund are affiliated by having the same investment advisor.
- (k) The security has been segregated to satisfy the commitment to return the cash collateral received in securities lending transactions upon the borrower's return of the securities loaned. See Note 1K.

Portfolio Composition

By credit quality rating

BBB	2.4%
BB	24.8
B	45.3
CCC	12.1
C	1.7
D	0.5
NR	2.4
Equity	1.3
Money Market Funds Plus Other Assets Less Liabilities	9.5

	Principal Amount	Value
Investments Purchased with Cash Collateral from Securities on Loan		
Money Market Funds—8.78%		
Liquid Assets Portfolio—Institutional Class (Cost \$48,562,336) ^{(i)(k)}	\$48,562,336	\$ 48,562,336
TOTAL INVESTMENTS—108.01% (Cost \$785,460,483)		597,513,229
OTHER ASSETS LESS LIABILITIES—(8.01)%		(44,329,743)
NET ASSETS—100.00%		\$553,183,486

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Assets and Liabilities

January 31, 2009
(Unaudited)

Assets:

Investments, at value (Cost \$688,833,621)*	\$ 500,886,367
Investments in affiliated money market funds, at value and cost	96,626,862
Total investments (Cost \$785,460,483)	597,513,229
Cash	3,893,123
Foreign currencies, at value (Cost \$14,650)	14,956
Receivables for:	
Investments sold	632,165
Fund shares sold	702,843
Dividends and Interest	15,212,138
Investment for trustee deferred compensation and retirement plans	92,998
Other assets	85,591
Total assets	618,147,043

Liabilities:

Payables for:	
Investments purchased	13,546,504
Credit default swap agreements close-out	389,875
Fund shares reacquired	626,091
Dividends	1,274,099
Collateral upon return of securities loaned	48,562,336
Accrued fees to affiliates	279,501
Accrued other operating expenses	48,185
Trustee deferred compensation and retirement plans	236,786
Unrealized depreciation on swap agreements	180
Total liabilities	64,963,557
Net assets applicable to shares outstanding	\$ 553,183,486

Net assets consist of:

Shares of beneficial interest	\$ 2,162,756,432
Undistributed net investment income	1,101,280
Undistributed net realized gain (loss)	(1,422,727,099)
Unrealized appreciation (depreciation)	(187,947,127)
	\$ 553,183,486

Net Assets:

Class A	\$ 279,738,370
Class B	\$ 37,929,831
Class C	\$ 30,016,217
Class Y	\$ 1,273,163
Investor Class	\$ 78,480,379
Institutional Class	\$ 125,745,526

Shares outstanding, \$0.01 par value per share, unlimited number of shares authorized:

Class A	93,108,934
Class B	12,580,932
Class C	9,998,374
Class Y	422,859
Investor Class	26,090,576
Institutional Class	41,882,285
Class A:	
Net asset value per share	\$ 3.00
Maximum offering price per share (Net asset value of \$3.00 ÷ 95.25%)	\$ 3.15
Class B:	
Net asset value and offering price per share	\$ 3.01
Class C:	
Net asset value and offering price per share	\$ 3.00
Class Y:	
Net asset value and offering price per share	\$ 3.01
Investor Class:	
Net asset value and offering price per share	\$ 3.01
Institutional Class:	
Net asset value and offering price per share	\$ 3.00

* At January 31, 2009, securities with an aggregate value of \$47,238,596 were on loan to brokers.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Operations

For the six months ended January 31, 2009
(Unaudited)

Investment income:

Interest	\$ 33,563,848
Dividends	120,304
Dividends from affiliated money market funds (includes securities lending income of \$600,000)	746,463
Total investment income	34,430,615

Expenses:

Advisory fees	1,658,964
Administrative services fees	90,434
Custodian fees	31,343
Distribution fees:	
Class A	348,786
Class B	230,810
Class C	142,026
Investor Class	87,167
Transfer agent fees — A, B, C, Y and Investor	620,561
Transfer agent fees — Institutional	3,811
Trustees' and officers' fees and benefits	19,281
Other	208,712
Total expenses	3,441,895
Less: Fees waived, expenses reimbursed and expense offset arrangement(s)	(14,449)
Net expenses	3,427,446
Net investment income	31,003,169

Realized and unrealized gain (loss) from:

Net realized gain (loss) from:	
Investment securities	(51,135,973)
Swap agreements	(198,285)
	(51,334,258)
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(116,969,927)
Foreign currencies	(3,274)
Swap agreements	478,769
	(116,494,432)
Net realized and unrealized gain (loss)	(167,828,690)
Net increase (decrease) in net assets resulting from operations	\$(136,825,521)

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Statement of Changes in Net Assets

For the six months ended January 31, 2009 and the year ended July 31, 2008
(Unaudited)

	January 31, 2009	July 31, 2008
Operations:		
Net investment income	\$ 31,003,169	\$ 61,337,315
Net realized gain (loss)	(51,334,258)	(19,846,914)
Change in net unrealized appreciation (depreciation)	(116,494,432)	(38,912,925)
Net increase (decrease) in net assets resulting from operations	(136,825,521)	2,577,476
Distributions to shareholders from net investment income:		
Class A	(15,085,001)	(29,569,186)
Class B	(2,295,155)	(6,052,903)
Class C	(1,423,760)	(2,681,596)
Class Y	(26,627)	—
Investor Class	(4,716,720)	(9,594,282)
Institutional Class	(7,977,341)	(15,370,096)
Total distributions from net investment income	(31,524,604)	(63,268,063)
Share transactions—net:		
Class A	20,570,889	(13,733,667)
Class B	(9,170,426)	(37,298,348)
Class C	4,146,124	(2,544,113)
Class Y	1,338,666	—
Investor Class	(3,578,621)	(8,852,020)
Institutional Class	(4,033,872)	18,631,818
Net increase (decrease) in net assets resulting from share transactions	9,272,760	(43,796,330)
Net increase (decrease) in net assets	(159,077,365)	(104,486,917)
Net assets:		
Beginning of period	712,260,851	816,747,768
End of period (includes undistributed net investment income of \$1,101,280 and \$1,622,715, respectively)	\$ 553,183,486	\$ 712,260,851

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

Notes to Financial Statements

January 31, 2009
(Unaudited)

NOTE 1—Significant Accounting Policies

AIM High Yield Fund (the “Fund”) is a series portfolio of AIM Investment Securities Funds (the “Trust”). The Trust is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end series management investment company consisting of eleven separate portfolios, each authorized to issue an unlimited number of shares of beneficial interest. The assets, liabilities and operations of each portfolio are accounted for separately. Information presented in these financial statements pertains only to the Fund. Matters affecting each portfolio or class will be voted on exclusively by the shareholders of such portfolio or class.

The Fund’s investment objective is a high level of current income.

The Fund currently consists of six different classes of shares: Class A, Class B, Class C, Class Y, Investor Class and Institutional Class. Investor Class shares of the Fund are offered only to certain grandfathered investors. Class A shares are sold with a front-end sales charge unless certain waiver criteria are met and under certain circumstances load waiver shares may be subject to contingent deferred sales charges (“CDSC”). Class B shares and Class C shares are sold with a CDSC. Class Y, Investor Class and Institutional Class shares are sold at net asset value. Generally, Class B shares will automatically convert to Class A shares on or about month-end which is at least eight years after the date of purchase.

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements.

A. Security Valuations — Securities, including restricted securities, are valued according to the following policy.

Debt obligations (including convertible bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Senior secured floating rate loans and senior secured floating rate debt securities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may reflect appropriate factors such as ratings, tranche type, industry, company performance, spread, individual trading characteristics, institution-size trading in similar groups of securities and other market data.

A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and the ask prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and ask prices. For purposes of determining net asset value per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange (“NYSE”).

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end of day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Foreign securities (including foreign exchange contracts) are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and may make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economical upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources and are valued at the last bid price in the case of equity securities and in the case of debt obligations, the mean between the last bid and asked prices.

Securities for which market quotations are not readily available or are unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust’s officers following procedures approved by the Board of Trustees. Issuer specific events, market trends, bid/ask quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security’s fair value.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

B. Securities Transactions and Investment Income — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Fund may periodically participate in litigation related to Fund investments. As such, the Fund may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain/loss for investments no longer held and as unrealized gain/loss for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the realized and unrealized net gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Fund's net asset value and, accordingly, they reduce the Fund's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Fund and the advisor.

The Fund allocates realized and unrealized capital gains and losses to a class based on the relative net assets of each class. The Fund allocates income to a class based on the relative value of the settled shares of each class.

C. Country Determination — For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment advisor may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America unless otherwise noted.

D. Distributions — Distributions from income are declared daily and paid monthly. Distributions from net realized capital gain, if any, are generally paid annually and recorded on ex-dividend date. The Fund may elect to treat a portion of the proceeds from redemptions as distributions for federal income tax purposes.

E. Federal Income Taxes — The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as a regulated investment company and to distribute substantially all of the Fund's taxable earnings to shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Fund files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally the Fund is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

F. Expenses — Fees provided for under the Rule 12b-1 plan of a particular class of the Fund are charged to the operations of such class. Transfer agency fees and expenses and other shareholder recordkeeping fees and expenses attributable to the Institutional Class are charged to such class. Transfer agency fees and expenses and other shareholder recordkeeping fees and expenses relating to all other classes are allocated among those classes based on relative net assets. All other expenses are allocated among the classes based on relative net assets.

G. Accounting Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount.

H. Indemnifications — Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

I. Other Risks — The Fund may invest in lower-quality debt securities, i.e., "junk bonds". Investments in lower-rated securities or unrated securities of comparable quality tend to be more sensitive to economic conditions than higher rated securities. Junk bonds involve a greater risk of default by the issuer because such securities are generally unsecured and are often subordinated to other creditors' claim.

J. Redemption Fees — The Fund has a 2% redemption fee that is to be retained by the Fund to offset transaction costs and other expenses associated with short-term redemptions and exchanges. The fee, subject to certain exceptions, is imposed on certain redemptions or exchanges of shares within 31 days of purchase. The redemption fee is recorded as an increase in shareholder capital and is allocated among the share classes based on the relative net assets of each class.

K. Securities Lending — The Fund may lend portfolio securities having a market value up to one-third of the Fund's total assets. Such loans are secured by collateral equal to no less than the market value of the loaned securities determined daily by the securities lending provider. Such collateral will be cash or debt securities issued or guaranteed by the U.S. Government or any of its sponsored agencies. Cash collateral received in connection with these loans is invested in short-term money market instruments or affiliated money market funds and is shown as such on the Schedule of Investments. It is the Fund's policy to obtain additional collateral from or return excess collateral to the borrower by the end of the next business day, following the valuation

date of the securities loaned. Therefore, the value of the collateral held may be temporarily less than the value of the securities on loan. Lending securities entails a risk of loss to the Fund if and to the extent that the market value of the securities loaned were to increase and the borrower did not increase the collateral accordingly, and the borrower fails to return the securities. Upon the failure of the borrower to return the securities, collateral may be liquidated and the securities may be purchased on the open market to replace the loaned securities. The Fund could experience delays and costs in gaining access to the collateral. The Fund bears the risk of any deficiency in the amount of the collateral available for return to the borrower due to any loss on the collateral invested. Dividends received on cash collateral investments for securities lending transactions, which are net of compensation to counterparties, is included in Dividends from affiliates on the Statement of Operations. The aggregate value of securities out on loan is shown as a footnote on the Statement of Assets and Liabilities, if any.

- L. Foreign Currency Translations** — Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities (net of foreign taxes withheld on disposition) and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately account for the portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. The combined results of changes in foreign exchange rates and the fluctuation of market prices on investments (net of estimated foreign tax withholding) are included with the net realized and unrealized gain or loss from investments in the Statement of Operations. Reported net realized foreign currency gains or losses arise from (i) sales of foreign currencies, (ii) currency gains or losses realized between the trade and settlement dates on securities transactions, and (iii) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

The Fund may invest in foreign securities which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable.

- M. Foreign Currency Contracts** — A foreign currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The Fund may enter into a foreign currency contract to attempt to minimize the risk to the Fund from adverse changes in the relationship between currencies. The Fund may also enter into a foreign currency contract for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of that security. Fluctuations in the value of these contracts are recorded as unrealized appreciation (depreciation) until the contracts are closed. When these contracts are closed, realized gains (losses) are recorded. Realized and unrealized gains and losses on these contracts are included in the Statement of Operations. The Fund could be exposed to risk, which may be in excess of the amount reflected in the Statement of Assets and Liabilities, if counterparties to the contracts are unable to meet the terms of their contracts or if the value of the foreign currency changes unfavorably.

- N. Swap Agreements** — The Fund may enter into various swap transactions, including interest rate, index, currency exchange rate and credit default swap contracts (“CDS”) for investment purposes or to manage interest rate, currency or credit risk.

Interest rate, index, and currency exchange rate swap agreements are two-party contracts entered into primarily to exchange the returns (or differentials in rates of returns) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or “swapped” between the parties are calculated with respect to a notional amount, i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a “basket” of securities representing a particular index.

A CDS is an agreement between two parties (“Counterparties”) to exchange the credit risk of an issuer. A buyer of a CDS is said to buy protection by paying a fixed payment over the life of the agreement and in some situations an upfront payment to the seller of the CDS. If a defined credit event occurs (such as payment default or bankruptcy), the Fund as a protection buyer would cease paying its fixed payment, the Fund would deliver eligible bonds issued by the reference entity to the seller, and the seller would pay the full notional value, or the “par value”, of the referenced obligation to the Fund. A seller of a CDS is said to sell protection and thus would receive a fixed payment over the life of the agreement and an upfront payment, if applicable. If a credit event occurs, the Fund as a protection seller would cease to receive the fixed payment stream, the Fund would pay the buyer “par value” or the full notional value of the referenced obligation, and the Fund would receive the eligible bonds issued by the reference entity. In turn, these bonds may be sold in order to realize a recovery value. Alternatively, the seller of the CDS and its counterparty may agree to net the notional amount and the market value of the bonds and make a cash payment equal to the difference to the buyer of protection. If no credit event occurs, the Fund receives the fixed payment over the life of the agreement. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the CDS. In connection with these agreements, cash and securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default under the swap agreement or bankruptcy/insolvency of a party to the swap agreement.

Implied credit spreads represent the current level at which protection could be bought or sold given the terms of the existing CDS contract and serve as an indicator of the current status of the payment/performance risk of the CDS. An implied spread that has widened or increased since entry into the initial contract may indicate a deteriorating credit profile and increased risk of default for the reference entity. A declining or narrowing spread may indicate an improving credit profile or decreased risk of default for the reference entity. Alternatively, credit spreads may increase or decrease reflecting the general tolerance for risk in the credit markets.

Changes in the value of swap agreements are recognized as unrealized gains (losses) in the Statement of Operations by “marking to market” on a daily basis to reflect the value of the swap agreement at the end of each trading day. Payments received or paid at the beginning of the agreement are reflected as such on the Statement of Assets and Liabilities and may be referred to as upfront payments. The Fund accrues for the fixed payment stream and amortizes upfront payments, if any, on swap agreements on a daily basis with the net amount, recorded as a component of realized gain (loss) on the Statement of Operations. A liquidation payment received or made at the termination of a swap agreement is recorded as realized gain (loss) on the Statement of Operations. The Fund segregates liquid securities having a value at least equal to the amount of the potential obligation of a Fund under any

swap transaction. Entering into these agreements involves, to varying degrees, lack of liquidity and elements of credit, market, and counterparty risk in excess of amounts recognized on the Statement of Assets and Liabilities.

NOTE 2—Advisory Fees and Other Fees Paid to Affiliates

The Trust has entered into a master investment advisory agreement with Invesco Aim Advisors, Inc. (the “Advisor” or “Invesco Aim”). Under the terms of the investment advisory agreement, the Fund pays an advisory fee to the Advisor based on the annual rate of the Fund’s average daily net assets as follows:

Average Net Assets	Rate
First \$200 million	0.625%
Next \$300 million	0.55%
Next \$500 million	0.50%
Over \$1billion	0.45%

Under the terms of a master sub-advisory agreement approved by shareholders of the Fund between the Advisor and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Global Asset Management (N.A.), Inc., Invesco Hong Kong Limited, Invesco Institutional (N.A.), Inc., Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the “Affiliated Sub-Advisors”) the Advisor, not the Fund, may pay 40% of the fees paid to the Advisor to any such Affiliated Sub-Advisor(s) that provide discretionary investment management services to the Fund based on the percentage of assets allocated to such Sub-Advisor(s).

Effective March 4, 2009, the Advisor has contractually agreed to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual operating expenses (excluding certain items discussed below) of Class A, Class B, Class C, Class Y, Investor Class and Institutional Class shares to 0.99%, 1.74%, 1.74%, 0.74%, 0.99% and 0.74% of average daily net assets, respectively, through at least June 30, 2010. In determining the advisor’s obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the net annual operating expenses to exceed the numbers reflected above: (i) interest; (ii) taxes; (iii) dividend expense on short sales; (iv) extraordinary items; (v) expenses related to a merger or reorganization, as approved by the Fund’s Board of Trustees; and (vi) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Currently, in addition to the expense reimbursement arrangement with Invesco Ltd. (“Invesco”) described more fully below, the expense offset arrangements from which the Fund may benefit are in the form of credits that the Fund receives from banks where the Fund or its transfer agent has deposit accounts in which it holds uninvested cash. These credits are used to pay certain expenses incurred by the Fund. To the extent that the annualized expense ratio does not exceed the expense limitation, the Advisor will retain its ability to be reimbursed for such fee waivers or reimbursements prior to the end of each fiscal year.

The Advisor has contractually agreed, through at least June 30, 2009, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Advisor receives from the affiliated money market funds on investments by the Fund of uninvested cash (excluding investments of cash collateral from securities lending) in such affiliated money market funds.

For the six months ended January 31, 2009, the Advisor waived advisory fees of \$5,487.

At the request of the Trustees of the Trust, Invesco agreed to reimburse expenses incurred by the Fund in connection with market timing matters in the AIM Funds, which may include legal, audit, shareholder reporting, communications and trustee expenses. These expenses along with the related expense reimbursement are included in the Statement of Operations. For the six months ended January 31, 2009, Invesco reimbursed expenses of the Fund in the amount of \$986.

The Trust has entered into a master administrative services agreement with Invesco Aim pursuant to which the Fund has agreed to pay Invesco Aim for certain administrative costs incurred in providing accounting services to the Fund. For the six months ended January 31, 2009, expenses incurred under the agreement are shown in the Statement of Operations as administrative services fees.

The Trust has entered into a transfer agency and service agreement with Invesco Aim Investment Services, Inc. (“IAIS”) pursuant to which the Fund has agreed to pay IAIS a fee for providing transfer agency and shareholder services to the Fund and reimburse IAIS for certain expenses incurred by IAIS in the course of providing such services. IAIS may make payments to intermediaries that provide omnibus account services, sub-accounting services and/or networking services. All fees payable by IAIS to intermediaries that provide omnibus account services or sub-accounting are charged back to the Fund, subject to certain limitations approved by the Trust’s Board of Trustees. For the six months ended January 31, 2009, expenses incurred under the agreement are shown in the Statement of Operations as transfer agent fees.

The Trust has entered into master distribution agreements with Invesco Aim Distributors, Inc. (“IADI”) to serve as the distributor for the Class A, Class B, Class C, Class Y, Investor Class and Institutional Class shares of the Fund. The Trust has adopted plans pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund’s Class A, Class B, Class C and Investor Class shares (collectively the “Plans”). The Fund, pursuant to the Plans, pays IADI compensation at the annual rate of 0.25% of the Fund’s average daily net assets of Class A shares, 1.00% of the average daily net assets of Class B and Class C shares. The Fund, pursuant to the Investor Class Plan, reimburses IADI for its allocated share of expenses incurred pursuant to the Investor Class Plan for the period, up to a maximum annual rate of 0.25% of the average daily net assets of Investor Class shares. Of the Plan payments, up to 0.25% of the average daily net assets of each class of shares may be paid to furnish continuing personal shareholder services to customers who purchase and own shares of such classes. Any amounts not paid as a service fee under the Plans would constitute an asset-based sales charge. Rules of the Financial Industry Regulatory Authority (“FINRA”) impose a cap on the total sales charges, including asset-based sales charges that may be paid by any class of shares of the Fund. For the six months ended January 31, 2009, expenses incurred under the Plans are shown in the Statement of Operations as distribution fees.

Front-end sales commissions and CDSC (collectively the “sales charges”) are not recorded as expenses of the Fund. Front-end sales commissions are deducted from proceeds from the sales of Fund shares prior to investment in Class A shares of the Fund. CDSC are deducted from redemption proceeds prior to remittance to the shareholder. During the six months ended January 31, 2009, IADI advised the Fund that IADI retained \$38,052 in front-end sales commissions from the sale of Class A shares and \$0, \$41,619 and \$2,639 from Class A, Class B and Class C shares, respectively, for CDSC imposed on redemptions by shareholders.

Certain officers and trustees of the Trust are officers and directors of Invesco Aim, IAIS and/or IADI.

NOTE 3—Supplemental Information

The Fund adopted the provisions of Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS 157), effective with the beginning of the Fund’s fiscal year. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment’s assigned level:

Level 1 — Prices are determined using quoted prices in an active market for identical assets.

Level 2 — Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 — Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund’s own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

Below is a summary of the tiered valuation input levels, as of the end of the reporting period, January 31, 2009. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

Input Level	Investments in Securities	Other Investments*
Level 1	\$ 99,856,173	\$ —
Level 2	497,556,556	(180)
Level 3	100,500	—
	\$597,513,229	\$(180)

* Other investments include foreign currencies, futures and swap agreements, which are included at unrealized appreciation/(depreciation).

NOTE 4—Expense Offset Arrangement

The expense offset arrangement is comprised of transfer agency credits which result from balances in Demand Deposit Accounts (DDA) used by the transfer agent for clearing shareholder transactions. For the six months ended January 31, 2009, the Fund received credits from this arrangement, which resulted in the reduction of the Fund’s total expenses of \$7,976.

NOTE 5—Trustees’ and Officers’ Fees and Benefits

“Trustees’ and Officers’ Fees and Benefits” include amounts accrued by the Fund to pay remuneration to certain Trustees and Officers of the Fund. Trustees have the option to defer compensation payable by the Fund, and “Trustees’ and Officers’ Fees and Benefits” also include amounts accrued by the Fund to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various AIM Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Fund may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. “Trustees’ and Officers’ Fees and Benefits” include amounts accrued by the Fund to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Fund.

During the six months ended January 31, 2009, the Fund paid legal fees of \$2,561 for services rendered by Kramer, Levin, Naftalis & Frankel LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

NOTE 6—Cash Balances

The Fund may borrow for leveraging in an amount up to 5% of the Fund’s total assets (excluding the amount borrowed) at the time the borrowing is made. In doing so, the Fund is permitted to temporarily carry a negative or overdrawn balance in its account with The State Street Bank and Trust Company, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Fund may either (i) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (ii) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco Aim, not to exceed the contractually agreed upon rate. A Fund may not purchase additional securities when any borrowings from banks exceeds 5% of the Fund’s total assets.

NOTE 7—Credit Default Swap Agreements at Period-End

Open Credit Default Swap Agreements

Reference Entity	Counterparty	Buy/Sell Protection	(Pay)/Receive Fixed Rate	Expiration Date	Implied Credit Spread ^(a)	Notional Amount (000)	Market Value Unrealized Appreciation (Depreciation)
Weyerhaeuser Co.	UBS AG	Buy	(2.25)%	12/20/13	2.25%	\$2,805	\$(180)

^(a) Implied credit spreads represent the current level at which protection could be bought or sold given the terms of the existing credit default swap contract and serve as an indicator of the current status of the payment/performance risk of the credit default swap contract. An implied credit spread that has widened or increased since entry into the initial contract may indicate a deteriorating credit profile and increased risk of default for the reference entity. A declining or narrowing spread may indicate an improving credit profile or decreased risk of default for the reference entity. Alternatively, credit spreads may increase or decrease reflecting the general tolerance for risk in the credit markets generally.

NOTE 8—Tax Information

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Fund's fiscal year-end.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Fund to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions. Under these limitation rules, the Fund is limited to utilizing \$1,316,818,243 of capital loss carryforward in the fiscal year ended July 31, 2009.

The Fund had a capital loss carryforward as of July 31, 2008 which expires as follows:

Expiration	Capital Loss Carryforward*
July 31, 2009	\$ 131,908,743
July 31, 2010	558,503,488
July 31, 2011	576,739,786
July 31, 2012	81,594,905
July 31, 2016	2,599,389
Total capital loss carryforward	\$1,351,346,311

* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

NOTE 9—Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Fund during the six months ended January 31, 2009 was \$227,078,214 and \$270,928,263, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed Federal income tax reporting period-end.

Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

Aggregate unrealized appreciation of investment securities	\$ 5,184,523
Aggregate unrealized (depreciation) of investment securities	(194,807,371)
Net unrealized appreciation (depreciation) of investment securities	\$(189,622,848)

Cost of investments for tax purposes is \$787,136,077.

NOTE 10—Share Information

	Summary of Share Activity			
	Six months ended January 31, 2009^(a)		Year ended July 31, 2008	
	Shares	Amount	Shares	Amount
Sold:				
Class A	16,533,255	\$ 49,361,954	21,608,494	\$ 91,577,518
Class B	1,274,874	4,024,686	1,915,065	8,166,848
Class C	2,742,793	8,248,053	3,274,073	13,885,147
Class Y ^(b)	441,045	1,398,958	—	—
Investor Class	1,115,438	3,486,320	2,685,482	11,340,633
Institutional Class	3,312,625	10,886,585	5,702,927	24,104,389
Issued as reinvestment of dividends:				
Class A	3,107,123	9,745,457	4,404,250	18,430,988
Class B	426,964	1,350,081	821,089	3,454,449
Class C	330,104	1,037,309	429,047	1,794,253
Class Y	7,601	22,292	—	—
Investor Class	1,195,742	3,789,319	1,859,747	7,794,364
Institutional Class	2,515,120	7,973,781	3,681,097	15,369,043
Automatic conversion of Class B shares to Class A shares:				
Class A	2,150,236	6,980,188	4,900,322	20,505,398
Class B	(2,144,783)	(6,980,188)	(4,886,650)	(20,505,398)
Reacquired:^(c)				
Class A ^(b)	(13,494,813)	(45,516,710)	(34,340,781)	(144,247,571)
Class B	(2,264,157)	(7,565,005)	(6,715,936)	(28,414,247)
Class C	(1,557,707)	(5,139,238)	(4,351,546)	(18,223,513)
Class Y	(25,787)	(82,584)	—	—
Investor Class ^(b)	(3,338,727)	(10,854,260)	(6,648,719)	(27,987,017)
Institutional Class	(7,379,221)	(22,894,238)	(5,018,329)	(20,841,614)
Net increase (decrease) in share activity	4,947,725	\$ 9,272,760	(10,680,368)	\$ (43,796,330)

(a) There are entities that are record owners of more than 5% of the outstanding shares of the Fund and in the aggregate own 6% of the outstanding shares of the Fund. IADI has an agreement with these entities to sell Fund shares. The Fund, Invesco Aim and/or Invesco Aim affiliates may make payments to these entities, which are considered to be related to the Fund, for providing services to the Fund, Invesco Aim and/or Invesco Aim affiliates including but not limited to services such as securities brokerage, distribution, third party record keeping and account servicing. The Trust has no knowledge as to whether all or any portion of the shares owned of record by these entities are also owned beneficially. In addition, 21% of the outstanding shares of the Fund are owned by affiliated mutual funds. Affiliated mutual funds are other mutual funds that are also advised by Invesco Aim.

(b) Effective upon the commencement date of Class Y shares, October 3, 2008, the following shares were converted from Class A and Investor Class into Class Y shares of the Fund:

Class	Shares	Amount
Class Y	182,746	\$ 654,230
Class A	(167,665)	(600,241)
Investor Class	(15,081)	(53,989)

(c) Net of redemption fees of \$4,427 and \$17,059 allocated among the classes based on relative net assets of each class for the six months ended January 31, 2009 and the year ended July 31, 2008, respectively.

NOTE 11—New Accounting Standard

In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities*. The standard is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position and financial performance. It is effective for financial statements issued for fiscal years beginning after November 15, 2008. Management is currently in the process of determining the impact of the standard on the Fund's disclosures in the financial statements.

NOTE 12—Financial Highlights

The following schedule presents financial highlights for a share of the Fund outstanding throughout the periods indicated.

	Net asset value, beginning of period	Net investment income	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends from net investment income	Net asset value, end of period ^(a)	Total Return ^(b)	Net assets, end of period (000s omitted)	Ratio of expenses to average net assets with fee waivers and/or expenses absorbed	Ratio of expenses to average net assets without fee waivers and/or expenses absorbed	Ratio of net investment income to average net assets	Portfolio turnover ^(c)
Class A												
Six months ended 01/31/09	\$3.98	\$0.18 ^(d)	\$(0.98)	\$(0.80)	\$(0.18)	\$3.00	(20.29)%	\$279,738	1.21% ^(e)	1.21% ^(e)	10.59% ^(e)	40%
Year ended 07/31/08	4.30	0.33	(0.31)	0.02	(0.34)	3.98	0.42	337,141	1.15	1.15	7.88	76
Year ended 07/31/07	4.32	0.31	(0.02)	0.29	(0.31)	4.30	6.78	379,525	1.11	1.11	6.98	111
Year ended 07/31/06	4.50	0.29 ^(d)	(0.17)	0.12	(0.30)	4.32	2.79	405,858	1.16	1.16	6.70	102
Year ended 07/31/05	4.31	0.29	0.19	0.48	(0.29)	4.50	11.54	502,770	1.07	1.08	6.47	59
Year ended 07/31/04	4.10	0.33 ^(d)	0.23	0.56	(0.35)	4.31	13.92	555,042	1.05	1.06	7.68	89
Class B												
Six months ended 01/31/09	3.99	0.16 ^(d)	(0.97)	(0.81)	(0.17)	3.01	(20.52)	37,930	1.96 ^(e)	1.96 ^(e)	9.84 ^(e)	40
Year ended 07/31/08	4.31	0.30	(0.31)	(0.01)	(0.31)	3.99	(0.32)	60,966	1.90	1.90	7.13	76
Year ended 07/31/07	4.33	0.28	(0.02)	0.26	(0.28)	4.31	5.99	104,215	1.86	1.86	6.23	111
Year ended 07/31/06	4.52	0.26 ^(d)	(0.18)	0.08	(0.27)	4.33	1.80	167,831	1.91	1.91	5.95	102
Year ended 07/31/05	4.33	0.25	0.20	0.45	(0.26)	4.52	10.69	289,189	1.82	1.83	5.72	59
Year ended 07/31/04	4.12	0.30 ^(d)	0.23	0.53	(0.32)	4.33	13.06	411,088	1.80	1.81	6.93	89
Class C												
Six months ended 01/31/09	3.97	0.16 ^(d)	(0.96)	(0.80)	(0.17)	3.00	(20.38)	30,016	1.96 ^(e)	1.96 ^(e)	9.84 ^(e)	40
Year ended 07/31/08	4.30	0.30	(0.32)	(0.02)	(0.31)	3.97	(0.58)	33,685	1.90	1.90	7.13	76
Year ended 07/31/07	4.31	0.28	(0.01)	0.27	(0.28)	4.30	6.24	39,234	1.86	1.86	6.23	111
Year ended 07/31/06	4.50	0.26 ^(d)	(0.18)	0.08	(0.27)	4.31	1.80	43,467	1.91	1.91	5.95	102
Year ended 07/31/05	4.31	0.25	0.20	0.45	(0.26)	4.50	10.73	59,865	1.82	1.83	5.72	59
Year ended 07/31/04	4.10	0.30 ^(d)	0.23	0.53	(0.32)	4.31	13.12	75,971	1.80	1.81	6.93	89
Class Y												
Six months ended 01/31/09 ^(f)	3.58	0.11 ^(d)	(0.56)	(0.45)	(0.12)	3.01	(12.48)	1,273	1.00 ^(e)	1.00 ^(e)	10.80 ^(e)	40
Investor Class												
Six months ended 01/31/09	3.98	0.18 ^(d)	(0.97)	(0.79)	(0.18)	3.01	(19.98)	78,480	1.16 ^(e)	1.16 ^(e)	10.64 ^(e)	40
Year ended 07/31/08	4.31	0.33	(0.32)	0.01	(0.34)	3.98	0.21	107,906	1.11	1.11	7.92	76
Year ended 07/31/07	4.32	0.31	(0.01)	0.30	(0.31)	4.31	7.06	125,803	1.10	1.10	6.99	111
Year ended 07/31/06	4.51	0.30 ^(d)	(0.19)	0.11	(0.30)	4.32	2.58	145,719	1.14	1.14	6.72	102
Year ended 07/31/05	4.32	0.29	0.20	0.49	(0.30)	4.51	11.54	191,508	1.03	1.04	6.51	59
Year ended 07/31/04 ^(f)	4.20	0.28 ^(d)	0.13	0.41	(0.29)	4.32	9.93	225,998	0.96 ^(g)	1.03 ^(g)	7.77 ^(g)	89
Institutional Class												
Six months ended 01/31/09	3.97	0.18 ^(d)	(0.96)	(0.78)	(0.19)	3.00	(19.84)	125,746	0.69 ^(e)	0.69 ^(e)	11.11 ^(e)	40
Year ended 07/31/08	4.30	0.35	(0.32)	0.03	(0.36)	3.97	0.66	172,562	0.65	0.65	8.38	76
Year ended 07/31/07	4.31	0.34	(0.01)	0.33	(0.34)	4.30	7.55	167,971	0.64	0.64	7.45	111
Year ended 07/31/06	4.50	0.32 ^(d)	(0.19)	0.13	(0.32)	4.31	3.06	86,120	0.66	0.66	6.72	102
Year ended 07/31/05	4.31	0.32	0.18	0.50	(0.31)	4.50	11.99	43,605	0.63	0.64	6.91	59
Year ended 07/31/04 ^(f)	4.39	0.09 ^(d)	(0.08)	0.01	(0.09)	4.31	0.16	5,309	0.67 ^(g)	0.67 ^(g)	8.06 ^(g)	89

^(a) Includes redemption fees added to shares of beneficial interest which were less than \$0.005 per share.

^(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Does not include sales charges and is not annualized for periods less than one year, if applicable.

^(c) Portfolio turnover is calculated at the fund level and is not annualized for periods less than one year, if applicable.

^(d) Calculated using average shares outstanding.

^(e) Ratios are annualized and based on average daily net assets (000's omitted) of \$276,747, \$45,830, \$28,165, \$674, \$86,719 and \$140,442 for Class A, Class B, Class C, Class Y, Investor Class and Institutional Class shares, respectively.

^(f) Commencement date of Class Y, Investor Class, and Institutional Class was October 3, 2008, September 30, 2003 and April 30, 2004, respectively.

^(g) Annualized.

NOTE 13—Legal Proceedings

Terms used in the Legal Proceedings Note are defined terms solely for the purpose of this note.

Settled Enforcement Actions and Investigations Related to Market Timing

On May 23, 2008, the Securities and Exchange Commission (“SEC”) publicly posted its final approval of the Distribution Plans (“Distribution Plans”) for the distribution of monies placed into two separate Fair Funds created pursuant to a settlement reached on October 8, 2004 between Invesco Funds Group, Inc. (“IFG”), Invesco Aim Advisors, Inc. (“Invesco Aim”) and Invesco Aim Distributors, Inc. (“IADI”) and the SEC (the “Order”). One of the Fair Funds consists of \$325 million, plus interest and any contributions by other settling parties, for distribution to shareholders of certain mutual funds formerly advised by IFG who may have been harmed by market timing and related activity. The second Fair Fund consists of \$50 million, plus interest and any contributions by other settling parties, for distribution to shareholders of mutual funds advised by Invesco Aim who may have been harmed by market timing and related activity. The Distribution Plans provide for the distribution to all eligible investors to compensate such investors for injury they may have suffered as a result of market timing in the affected funds. The Distribution Plans include a provision for any residual amounts in the Fair Funds to be distributed in the future to the affected funds. Because the distribution of the Fair Funds has not yet commenced, management of Invesco Aim and the Fund are unable to estimate the amount of distribution to be made to the Fund, if any.

At the request of the trustees of the AIM Funds, Invesco Ltd. (“Invesco”), the parent company of IFG and Invesco Aim, has agreed to reimburse expenses incurred by the AIM Funds related to market timing matters.

Pending Litigation and Regulatory Inquiries

Civil lawsuits, including purported class action and shareholder derivative suits, have been filed against certain of the AIM Funds, IFG, Invesco Aim, IADI and/or related entities and individuals alleging that the defendants permitted improper market timing and related activity in the AIM Funds.

These lawsuits allege as theories of recovery, depending on the lawsuit, violations of various provisions of the Federal and state securities laws and the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), negligence, breach of fiduciary duty and/or breach of contract. These lawsuits seek remedies that include, depending on the lawsuit, damages, restitution, injunctive relief, imposition of a constructive trust, removal of certain directors and/or employees, various corrective measures under ERISA, rescission of certain AIM Funds’ advisory agreements and/or distribution plans and recovery of all fees paid.

All lawsuits based on allegations of market timing, late trading and related issues were transferred to the United States District Court for the District of Maryland (the “MDL Court”). Pursuant to an Order of the MDL Court, plaintiffs in these lawsuits consolidated their claims for pre-trial purposes into three amended complaints against various Invesco Aim- and IFG-related parties: (i) a Consolidated Amended Class Action Complaint purportedly brought on behalf of shareholders of the AIM Funds; (ii) a Consolidated Amended Fund Derivative Complaint purportedly brought on behalf of the AIM Funds and fund registrants; and (iii) an Amended Class Action Complaint for Violations of ERISA purportedly brought on behalf of participants in the Invesco 401(k) plan. Based on orders issued by the MDL Court, all claims asserted against the AIM Funds that have been transferred to the MDL Court have been dismissed, although certain Funds remain nominal defendants in the Consolidated Amended Fund Derivative Complaint. On January 5, 2008, the parties reached an agreement in principle to settle both the Consolidated Amended Class Action Complaint and Consolidated Amended Fund Derivative Complaint, subject to the MDL Court approval. Individual class members have the right to object. On December 15, 2008, the parties reached an agreement in principle to settle the Amended Class Action Complaint for Violations of ERISA, subject to the MDL Court approval. Individual class members have the right to object. No payments are required under the settlement; however, the parties agreed that certain limited changes to benefit plans and participants’ accounts would be made.

IFG, Invesco Aim, IADI and/or related entities and individuals have received inquiries from numerous regulators in the form of subpoenas or other oral or written requests for information and/or documents related to one or more of the following issues, among others, some of which concern one or more AIM Funds: market timing activity, late trading, fair value pricing, excessive or improper advisory and/or distribution fees, mutual fund sales practices, including revenue sharing and directed-brokerage arrangements, investments in securities of other registered investment companies, contractual plans, issues related to Section 529 college savings plans and procedures for locating lost security holders. IFG, Invesco Aim and IADI have advised the Fund that they are providing full cooperation with respect to these inquiries. Regulatory actions and/or additional civil lawsuits related to these or other issues may be filed against the AIM Funds, IFG, Invesco Aim and/or related entities and individuals in the future.

Management of Invesco Aim and the Fund believe that the outcome of the Pending Litigation and Regulatory Inquiries described above will have no material adverse affect on the Fund or on the ability of Invesco Aim and IADI to provide ongoing services to the Fund.

Calculating your ongoing Fund expenses

Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include sales charges (loads) on purchase payments or contingent deferred sales charges on redemptions, and redemption fees, if any; and (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with ongoing costs of investing in other mutual funds. With the exception of the actual ending account value and expenses of the Class Y Shares, the example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period August 1, 2008, through January 31, 2009. The actual ending account and expenses of the Class Y shares in the below example are based on an investment of \$1,000 invested as of close of business October 3, 2008 (commencement date) and held through January 31, 2009.

Actual expenses

The table below provides information about actual account values and actual expenses. You may use the information in this table, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled "Actual Expenses Paid During Period" to estimate the expenses you paid on your account during this period (as of close of business October 3, 2008 through January 31, 2009 for the Class Y shares). Because the actual ending account value and expense information in the example is not based upon a six month period for the Class Y shares, the ending account value and expense information may not provide a meaningful comparison to mutual funds that provide such information for a full six month period.

Hypothetical example for comparison purposes

The table below also provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return.

The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions, and redemption fees, if any. Therefore, the hypothetical information is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

Class	Beginning Account Value (08/01/08)	ACTUAL		HYPOTHETICAL (5% annual return before expenses)		Annualized Expense Ratio ³
		Ending Account Value (01/31/09) ¹	Expenses Paid During Period ^{2,4}	Ending Account Value (01/31/09)	Expenses Paid During Period ^{2,5}	
A	\$1,000.00	\$802.00	\$5.50	\$1,019.11	\$6.16	1.21%
B	1,000.00	797.50	8.88	1,015.32	9.96	1.96
C	1,000.00	796.20	8.87	1,015.32	9.96	1.96
Y	1,000.00	875.20	3.11	1,020.16	5.09	1.00
Investor	1,000.00	800.20	5.26	1,019.36	5.90	1.16

¹ The actual ending account value is based on the actual total return of the Fund for the period August 1, 2008, through January 31, 2009 (as of close of business October 3, 2008 through January 31, 2009 for the Y Class shares), after actual expenses and will differ from the hypothetical ending account value which is based on the Fund's expense ratio and a hypothetical annual return of 5% before expenses.

² Expenses are equal to the Fund's annualized expense ratio as indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect the most recent fiscal half year. For the Y Class shares actual expenses are equal to the annualized expense ratio indicated above multiplied by the average account value over the period, multiplied by 121 (as of close of business October 3, 2008, through January 31, 2009)/365. Because the Y Class shares have not been in existence for a full six month period, the actual ending account value and expense information shown may not provide a meaningful comparison to fund expense information of classes that show such data for a full six month period and, because the actual ending account value and expense information in the expense example covers a short time period, return and expense data may not be indicative of return and expense data for longer time periods.

³ Effective March 4, 2009, the fund's advisor has contractually agreed, through at least June 30, 2010, to waive advisory fees and/or reimburse expenses to the extent necessary to limit Total Annual Fund Operating Expenses of Class A, Class B, Class C, Class Y and Investor Class shares to 0.99%, 1.74%, 1.74%, 0.74% and 0.99% of average daily net assets, respectively. The annualized expense ratios restated as if these agreements had been in effect throughout the entire most recent fiscal half year are 0.99%, 1.74%, 1.74%, 0.74% and 0.94% for the Class A, Class B, Class C, Class Y and Investor Class shares, respectively.

⁴ The actual expenses paid restated as if the changes discussed above had been in effect throughout the entire most recent fiscal half year are \$4.50, \$7.88, \$7.88, \$2.30 and \$4.27 for the Class A, Class B, Class C, Class Y and Investor Class shares, respectively.

⁵ Hypothetical expenses are equal to the annualized expense ratio indicated above multiplied by the average account value over the period, multiplied by 184/365 to reflect a one-half year period. The hypothetical ending account value and expenses may be used to compare ongoing costs of investing in Y Class shares of the Fund and other funds because such data is based on a full six month period. The hypothetical expenses paid restated as if the changes discussed above in footnote 3 had been in effect throughout the entire most recent fiscal half year are \$5.04, \$8.84, \$8.84, \$3.77 and \$4.79 for the Class A, Class B, Class C, Class Y and Investor Class shares, respectively.



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Fund holdings and proxy voting information

The Fund provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Fund's semiannual and annual reports to shareholders. For the first and third quarters, the Fund files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. The most recent list of portfolio holdings is available at invescoaim.com. From our home page, click on Products & Performance, then Mutual Funds, then Fund Overview. Select your Fund from the drop-down menu and click on Complete Quarterly Holdings. Shareholders can also look up the Fund's Forms N-Q on the SEC website at sec.gov. Copies of the Fund's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 942 8090 or 800 732 0330, or by electronic request at the following email address: publicinfo@sec.gov. The SEC file numbers for the Fund are 811-05686 and 033-39519.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 959 4246 or on the Invesco Aim website, invescoaim.com. On the home page, scroll down and click on Proxy Policy. The information is also available on the SEC website, sec.gov.

Information regarding how the Fund voted proxies related to its portfolio securities during the 12 months ended June 30, 2008, is available at our website. Go to invescoaim.com, access the About Us tab, click on Required Notices and then click on Proxy Voting Activity. Next, select the Fund from the drop-down menu. The information is also available on the SEC website, sec.gov.

If used after April 20, 2009, this report must be accompanied by a Fund fact sheet or Invesco Aim Quarterly Performance Review for the most recent quarter-end. Invesco AimSM is a service mark of Invesco Aim Management Group, Inc. Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco PowerShares Capital Management LLC are the investment advisors for the products and services represented by Invesco Aim; they each provide investment advisory services to individual and institutional clients and do not sell securities. Please refer to each fund's prospectus for information on the fund's subadvisors. Invesco Aim Distributors, Inc. is the U.S. distributor for the retail mutual funds, exchange-traded funds and institutional money market funds and the subdistributor for the STIC Global Funds represented by Invesco Aim. All entities are indirect, wholly owned subsidiaries of Invesco Ltd.

It is anticipated that on or about the end of the fourth quarter of 2009, the businesses of the affiliated investment adviser firms – Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. – will be combined 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.



Supplemental Information

On or about April 30, 2010, Invesco Aim Distributors, Inc. becomes Invesco Distributors, Inc., Invesco Aim Investment Services, Inc. becomes Invesco Investment Services, Inc., and AIM funds become Invesco funds. In addition, invescoaim.com becomes invesco.com.

On or about April 30, 2010, Invesco replaces AIM in the fund name.

On or about April 30, 2010, AIM Trimark Fund becomes Invesco Global Fund.

On or about April 30, 2010, AIM Trimark Endeavor Fund becomes Invesco Endeavor Fund.

On or about April 30, 2010, AIM Trimark Small Companies Fund becomes Invesco Small Companies Fund.

On or about April 30, 2010, AIM V.I. PowerShares ETF Allocation Fund becomes Invesco V.I. Global Multi-Asset Fund.

After the close of business on Dec. 31, 2009, Invesco Aim Advisors, Inc., Invesco Aim Capital Management, Inc., Invesco Aim Private Asset Management, Inc. and Invesco Global Asset Management (N.A.), Inc. merged into Invesco Institutional (N.A.), Inc., which was renamed Invesco Advisers, Inc.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisers for a prospectus/summary prospectus or visit invesco.com/fundprospectus.

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

