



# Invesco Core Plus Bond Portfolio

## Quarterly Performance Commentary

CUSIPS: RZ:76221W359 RA:76221W367

### Investment objective

The portfolio seeks total return, comprised of current income and capital appreciation.

### Portfolio management

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Management is that of the underlying fund.

### Portfolio information

Tickers	A:INCPX C:INCQX I:INCRX
Total net assets	\$22,835,165
Total number of holdings	1641

Holdings shown are that of the underlying fund.

### Holdings statistics

Weighted Average Effective Maturity (years)	11.40
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Data shown is that of the underlying fund.

### Investment categories (%)

<b>Securitized Debt</b>	57.5
MBS	40.6
ABS	10.7
CMBS	6.3
<b>Corporate Bonds</b>	28.2
US Investment Grade Bonds	21.7
US High Yield Bonds	6.5
<b>Non-US Debt</b>	14
Non-US Investment Grade Bonds	5.5
Emerging Markets Debt	4.2
Non-US High Yield Bonds	2.2
Sovereign Debt	2
<b>Government Bonds</b>	11.6
US Treasuries	11.6
<b>Convertible Bonds</b>	0.6
<b>Municipal Bonds</b>	0.1
<b>Cash &amp; Cash equivalent</b>	-12.8
<b>Derivatives</b>	0
<b>Other</b>	0.8

Data shown is that of the underlying fund. May not equal 100% due to rounding.

Portfolio commentary provided is based on the underlying fund.

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

- Global economic outlooks shifted markedly in the first quarter. Positive outlooks after the November election were challenged by Trump administration policies on immigration, spending cuts and tariffs, lowering US and global growth forecasts. The velocity of tariff announcements and reversals, along with broader policy uncertainty, has heightened anxiety, provoking market corrections and sell-offs. Dampened business sentiment and weakening consumption are both unfavorable for growth.
- Yields generally fell during the quarter. At February's meeting, the US Federal Reserve (Fed) paused rate cutting and held monetary policy steady, citing the possibility that the tariff impact on consumer prices might be "transitory." The Fed's projections, detailed by its dot plot, reflected lower growth expectations and higher expectations for inflation and unemployment.
- Nevertheless, we maintain a constructive outlook for bonds. Potentially slower, though still positive, global growth and uncertainty about aggressive US policy changes, in our view, generally support bonds globally. The Trump administration has stated its intent to contain government spending and lower bond yields. There is room for yields to decline if economic momentum slows sharply, and bonds should, in our view, benefit if recession fears grow.

### Performance highlights

- The portfolio's Class RZ units at net asset value (NAV) had a positive return for the quarter but underperformed its benchmark, the Bloomberg US Aggregate Bond Index. (Please see the investment results table on page 2 for portfolio and index performance.)

### Contributors to performance

- **Security selection:** The portfolio benefited from security selection in the consumer non-cyclical and communications sub-sectors.
- **Sector allocation:** Overweights in mortgage-backed security (MBS) pass-throughs and commercial mortgage-backed securities (CMBS) positively affected relative performance.

### Detractors from performance

- **Security selection:** Security selection within the banking sub-sector negatively affected relative return.
- **Sector allocation:** Overweights within the consumer cyclical sub-sector negatively affected relative results.

### Positioning and outlook

- Although we still favored investment grade corporates, we decreased the overweight during the quarter because we believe near-term uncertainty warrants a more neutral allocation. Yield spreads between Treasuries and investment grade credit have widened, breaking out of the decade-high tightness of 2024 due to the elevated risk environment. Despite recent widening, the credit quality of the US Investment Grade Credit Index has further improved, and overall duration has decreased from highs in 2021. Based on the segment's health, we believe investment grade corporates remain attractive on a risk-adjusted basis. In our view, corporate fundamentals remain firm, the yield backdrop appears attractive, and a lower average dollar price of bonds across the index presents discounted buying opportunities, potentially enhancing downside mitigation for bondholders. We believe investment grade corporates should perform well in our base case of an economic soft landing or in a recession scenario. In a soft landing, interest rates would come down more slowly and investors would earn higher yields for longer. In a recession, the Fed would likely cut rates faster thus accelerating bond returns via duration exposure. We also believe there is significant cash on the sidelines or in money markets. As policy becomes clearer, we believe cash could flow into bond markets, boosting demand. Within the investment grade corporate segment, we maintained an overweight in financials, particularly in the banking sector. As the quarter began, we increased overweights in high-yield corporate and emerging market debt, which are not in the benchmark, based on a more supportive economic environment. However, as the outlook appeared to dim and volatility increased, we trimmed this exposure. We kept duration fairly neutral compared to the benchmark, lengthening it due to potential slowing of US growth and as a hedge to credit risk.

**Investment results**

Average annual total returns (%) as of March 31, 2025

Period	Class RZ units		Class RA units	Style-Specific Index
	Inception: 07/08/16		Inception: 07/08/16	Bloomberg U.S. Aggregate Bond Index
	Max Load 1.25%	NAV	NAV	
Inception	1.51	1.99	1.74	-
5 Years	0.76	1.59	1.34	-0.40
3 Years	-0.28	1.09	0.87	0.52
1 Year	1.19	5.41	5.25	4.88
Quarter	-1.74	2.33	2.29	2.78

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit [collegebound529.com](http://collegebound529.com). Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). Performance shown at NAV for Class RZ units does not include applicable front-end sales charges, which would have reduced the performance. Class RA units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.

**Expense ratios (%)**

Class RZ units	0.46
Class RA units	0.71
Total annual asset-based fee per the current Program Description.	

**Credit quality breakdown** (% of total)

Cash & Cash equivalent	-12.82
AAA	18.40
AA	47.00
A	14.50
BBB	20.58
BB	9.07
B	1.75
CCC and below	0.04
Not Rated	1.49

Data shown is that of the underlying fund.

Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. If securities are rated differently by the rating agencies, the higher rating is applied. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on the rating methodology, please visit [www.standardandpoors.com](http://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](http://www.moodys.com) and select 'Rating Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](http://www.fitchratings.com) and select 'Ratings Definitions' on the homepage.

**For more information you can visit us at [collegebound529.com](http://collegebound529.com)**

Effective on or about June 25, 2021, Class RA and Class RZ units are closed to new investors. Existing Account Owners holding Class RA and Class RZ units are permitted to make additional investments in those classes, respectively. See the Program Description for more information.

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

**Effective duration** is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Weighted average effective maturity (WAM)** is a measure, as estimated by the underlying fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

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## About risk

### Risks of the Underlying Holding

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Interest rate risk refers to the risk that bond prices

generally fall as interest rates rise and vice versa.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

The underlying fund may invest in privately issued securities, including 144A securities which are

restricted (i.e. not publicly traded). The liquidity market for Rule 144A securities may vary, as a result, delay or difficulty in selling such securities may result in a loss to the fund.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

The portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.

There is no assurance that the Fund will provide low volatility.

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