

# Invesco Dynamic Active/Passive Portfolios

April 5, 2024

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## Investment Strategy

The Invesco Dynamic Active/Passive Portfolios strategically blend long-term asset class allocations with tactical short-term perspectives to produce diversified portfolios that adapt throughout full market cycles. With multiple risk levels in the suite, there are a range of potential solutions to suit an investor's risk profile and return objective.

## Portfolio positioning and commentary

From a tactical perspective, as of April 2024, the global economy remains in a recovery regime, as market sentiment and growth expectations continue to improve. Broadening equity market performance towards value, cyclicals, and smaller capitalizations and credit spreads near historic lows further validate the recovery trade.

Given these developments, we remain tactically overweight risk relative to benchmark, favoring emerging markets, cyclical sectors, value, and smaller capitalizations. In fixed income, we continue to overweight credit risk via lower quality sectors, while maintaining a neutral duration posture.

From a regional perspective, we reestablish the overweight exposure to developed ex-US equities vs. US equities driven by improvements in manufacturing business surveys in Europe and Japan, where orders-to-inventory ratios point to near-term cyclical upside.

### **The result of this strategic shift means the following for the Invesco Dynamic Active/Passive Portfolios:**

- Increase our allocation to the Invesco Oppenheimer International Growth Fund (ticker: OIGYX), while decreasing our exposure to the Vanguard Total Stock Market ETF (ticker: VTI)



## Changes to holdings (%)

Underlying fund	Ticker	20	40	60	80	100
<b>US Equity</b>		<b>-1.5</b>	<b>-3.0</b>	<b>-6.0</b>	<b>-8.0</b>	<b>-8.0</b>
Invesco Discovery Mid Cap Growth Fund	OEGYX	-	-	-	-	-
Invesco Main Street Small Cap Fund	OSCYX	-	-	-	-	-
Invesco Russell 1000 Dynamic Multifactor ETF	OMFL	-	-	-	-	-
SPDR S&P 400 Mid Cap Value ETF	MDYV	-	-	-	-	-
Vanguard Total Stock Market ETF	VTI	-1.5	-3.0	-6.0	-8.0	-8.0
<b>International Equity</b>		<b>1.5</b>	<b>3.0</b>	<b>6.0</b>	<b>8.0</b>	<b>8.0</b>
Invesco Developing Markets Fund	ODVYX	-	-	-	-	-
Invesco Oppenheimer International Growth Fund	OIGYX	1.5	3.0	6.0	8.0	8.0
<b>Fixed Income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Invesco Core Bond Fund	OPBYX	-	-	-	-	-
Invesco Equal Weight 0-30 Year Treasury ETF	GOVI	-	-	-	-	-
Invesco Floating Rate ESG Fund	AFRYX	-	-	-	-	-
Invesco Total Return Bond ETF	GTO	-	-	-	-	-
Invesco Ultra Short Duration ETF	GSY	-	-	-	-	-
iShares Broad USD High Yield Corporate Bond ETF	USHY	-	-	-	-	-
MFS Emerging Markets Debt Fund	MEDIX	-	-	-	-	-
SPDR Portfolio Short Term Treasury ETF	SPTS	-	-	-	-	-
<b>Alternative</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
IQ Merger Arbitrage ETF	MNA	-	-	-	-	-
iShares Global Infrastructure ETF	IGF	-	-	-	-	-
iShares Global REIT ETF	REET	-	-	-	-	-
<b>Cash</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Invesco as of April 5, 2024. A dash represents no allocation change.

## Portfolio holdings (%)

Underlying fund	Ticker	20	40	60	80	100
<b>US Equity</b>		<b>10.6</b>	<b>23.9</b>	<b>35.4</b>	<b>48.0</b>	<b>58.7</b>
Invesco Discovery Mid Cap Growth Fund	OEGYX	2.0	2.0	3.5	4.0	7.0
Invesco Main Street Small Cap Fund	OSCYX	2.0	2.0	2.5	2.5	3.5
Invesco Russell 1000 Dynamic Multifactor ETF	OMFL	2.5	5.0	10.6	12.0	19.5
SPDR S&P 400 Mid Cap Value ETF	MDYV	0.0	0.0	0.0	2.0	2.0
Vanguard Total Stock Market ETF	VTI	4.1	14.9	18.8	27.5	26.7
<b>International Equity</b>		<b>6.4</b>	<b>13.1</b>	<b>21.6</b>	<b>29.0</b>	<b>33.3</b>
Invesco Developing Markets Fund	ODVYX	3.0	6.0	9.1	12.2	14.9
Invesco Oppenheimer International Growth Fund	OIGYX	3.4	7.1	12.5	16.8	18.4
<b>Fixed Income</b>		<b>75.1</b>	<b>55.0</b>	<b>35.0</b>	<b>15.0</b>	<b>0.0</b>
Invesco Core Bond Fund	OPBYX	10.2	0.0	0.0	0.0	0.0
Invesco Equal Weight 0-30 Year Treasury ETF	GOVI	13.4	13.5	7.8	3.5	0.0
Invesco Floating Rate ESG Fund	AFRYX	5.2	3.9	2.5	2.0	0.0
Invesco Total Return Bond ETF	GTO	5.5	0.0	0.0	0.0	0.0
Invesco Ultra Short Duration ETF	GSY	7.0	5.5	2.5	0.0	0.0
iShares Broad USD High Yield Corporate Bond ETF	USHY	21.3	19.6	13.5	6.5	0.0
MFS Emerging Markets Debt Fund	MEDIX	12.5	12.5	8.7	3.0	0.0
<b>Alternative</b>		<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>
IQ Merger Arbitrage ETF	MNA	3.0	2.0	2.0	0.0	0.0
iShares Global Infrastructure ETF	IGF	3.0	4.0	4.0	3.5	3.5
iShares Global REIT ETF	REET	0.0	0.0	0.0	2.5	2.5
<b>Cash</b>		<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Invesco, as of April 5, 2024. This table illustrates the composition of model portfolios as of the date listed and should not be considered as a recommendation to purchase or sell a particular security; additionally, there is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. Holdings may vary depending on program sponsor restrictions or specific client guidelines. Holdings may not equal 100% due to rounding. Where cash is shown, it is for the model level. It does not include possible amounts held within each underlying fund. To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment style during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.

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## Glossary

**Active Management** - Active funds are directly managed by a manager, or team of managers, seeking to beat market returns.

**Credit Rating** - Refers to the quality of a company's credit, as determined and assigned by a recognized credit ratings agency.

**Duration** – A bond's price sensitivity to changes in interest rates.

**Factor** - An investment approach in which securities are grouped into categories, and portfolio allocation is based on selection among "factors" rather than among individual securities. These targeted factors, such as low volatility, momentum, or quality give investors a set of tools to tailor exposures.

**Spread** – The difference between the quoted rate of return on different debt instruments which often have varying maturities, credit ratings, and risk.

**Spread Duration** – A bond's price sensitivity to changes in spreads.

**Style** - An investment approach in which securities are grouped into categories, and portfolio allocation is based on selection among "styles" rather than among individual securities.

**Strategic Asset Allocation** – An asset allocation that is constructed on the basis of long-term asset class forecasts with targets to maintain a set combination of asset classes.

**Tactical Asset Allocation** - An asset allocation that is constructed on the basis of shorter-term asset class forecasts seeking to capitalize on changing market prices.

**Tracking Error** – The volatility of portfolio's returns versus benchmark returns. Also known as active risk.

There can be no assurance that any investment process or strategy will achieve its investment objective. Asset allocation and diversification does not guarantee a profit or eliminate the risk of loss.

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