

# Invesco Income Allocation Fund

## Q1 2024

## Key takeaways

**1 Equity, fixed income and alternatives all contributed to absolute return**

The first quarter of 2024 saw a broad increase in asset prices, and both the fund and its benchmark saw positive contributions from all three asset categories.

**2 Asset allocation detracted from relative return, while style and manager selection were beneficial**

An underweight in equities relative to the benchmark detracted due to strong performance from the asset class.

**3 Style and manager selection within fixed income added to relative return**

Relative to the benchmark, the fund was overweight in high-yield and floating rate funds, which led fixed income performance for the quarter.

### Investment objective

The fund seeks current income and, secondarily, growth of capital.

### Fund facts

Fund AUM (\$M)	363.53
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### Portfolio managers

Alessio de Longis, Jeffrey Bennett

## Manager perspective and outlook

- Looking ahead, we expect a relatively brief and shallow global economic slowdown, driven by recent aggressive monetary policy tightening. We expect a US-led economic reacceleration to follow soon after.
- In our view, Canada, the eurozone and the UK are likely to follow a pattern similar to the US economy but with a lag. We anticipate a relatively strong Japanese economy and solid economic growth in China, supported by fiscal and monetary stimulus. Asia emerging markets, in general, are likely to benefit from this environment.
- In short, we believe disinflation is underway, monetary policy will soon start to become more supportive, and a relatively brief global economic slowdown is occurring. However, markets appear to be already looking past this slowdown and pricing in a future economic recovery. In this environment, we anticipate better relative performance from asset classes perceived as riskier, including high-yield credit, cyclical and smaller cap equities, and emerging market equities.



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## Fund holdings

(% of total net assets)

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Invesco Corporate Bond Fund	12.75
Invesco Core Plus Bond Fund	10.03
Invesco High Yield Fund	9.97
Invesco Multi-Asset Income Fund	9.93
Invesco Exchange-Traded Fund Trust II Invesco Equal Weight 0-30 Year Treasury ETF	9.70
Invesco Income Fund	8.25
Invesco Floating Rate ESG Fund	5.46
Invesco S&P 500 High Dividend Low Volatility ETF	4.33
iShares Global Infrastructure ETF	4.02
Invesco Global Real Estate Income Fund	3.99

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## Portfolio positioning

Invesco Income Allocation Fund strives to provide current income to investors; thus, it prioritizes investments that provide income such as stock dividends, bond coupons and other similar payments.

The fund is currently overweight in alternative investments relative to its custom benchmark. In order to maintain the desired risk exposure, the fund is underweight in equities in an effort to balance the alternatives exposure.

Within fixed income, the fund is tilted toward high-yield bonds due to their higher income potential.

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## Asset allocation (%)

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General Corporate Bond	12.71
Aggregate Bond Intermediate	10.00
High Yield Bond	9.95
Dynamic Allocation	9.90
Government	9.67
Aggregate Bond International	8.22
Large-cap	7.94
Bank Loans	7.88
Thematic	5.44
Real Estate Sector	4.01
Value Large Cap	3.98
Municipals	3.56
Foreign Aggregate Bond	3.48
Cash	2.98
	0.26

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The asset allocation shown is presented to illustrate the underlying funds in which the fund invested and may not be representative of the fund's current or future investments. The figures shown are as of the date shown and may change at any time. Total may not equal 100% due to rounding.

## Top contributors (%)

Issuer	Return	Contrib. to return
Invesco Multi Asset Income Fund	3.05	0.31
Invesco S&P 500 Pure Value ETF	8.43	0.29
Invesco Dividend Income Fund	7.41	0.26
Invesco S&P 500 High Dividend Low Volatility ETF	5.77	0.24
Invesco FTSE RAFI Developed Markets ex-U.S. ETF	5.56	0.22

## Top detractors (%)

Issuer	Return	Contrib. to return
Invesco Equal Weight 0-30 Year Treasury ETF	-1.78	-0.18
Invesco Global Real Estate Income Fund	-1.87	-0.07
Invesco International Bond Fund	-1.44	-0.04
Invesco Taxable Municipal Bond ETF	-0.41	-0.02
Invesco S&P International Developed Low Volatility ETF	0.38	0.02

## Performance highlights

Invesco Income Allocation Fund Class A shares at net asset value (NAV) had a positive return for the first quarter but underperformed its style-specific benchmark, the Custom Invesco Income Allocation Index.

### Contributors to performance

Style selection in the alternative allocation, namely a preference for multi-asset income funds within the asset-class, added to return relative to the benchmark.

Within the fixed income allocation, key contributors to relative return included **Invesco High Yield Fund** and **Invesco Income Fund**.

The key contributor to absolute return was **Invesco Multi Asset Income Fund**, which returned 3.05% (9.88% of total net assets).

### Detractors from performance

Fund allocations in the US equity asset class detracted from relative performance.

Fund style selections within equities, namely tilts toward international and higher yielding equities, negatively affected relative return for the quarter.

Within the equities segment, **Invesco S&P International Developed Low Volatility ETF** was the largest detractor from relative return.

## Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 10/31/05	NAV	1.56	1.56	6.34	0.41	2.55	3.58	4.64
	<b>Max. Load 5.5%</b>	-3.99	-3.99	0.46	-1.46	1.41	2.99	4.32
Class R6 shares inception: 04/04/17	NAV	1.56	1.56	6.60	0.69	2.83	3.76	-
Class Y shares inception: 10/03/08	NAV	1.63	1.63	6.61	0.67	2.81	3.84	5.45
Custom Invesco Income Allocation Index		2.26	2.26	9.63	1.91	4.99	5.19	-
Total return ranking vs. Morningstar Moderately Conservative Allocation category (Class A shares at NAV)		-	-	93% (421 of 460)	90% (392 of 441)	96% (389 of 409)	79% (229 of 297)	-

Expense ratios per the current prospectus: Class A: Net: 0.88%, Total: 0.88%; Class R6: Net: 0.54%, Total: 0.54%; Class Y: Net: 0.63%, Total: 0.63%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. Index sources: Invesco, RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

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**Performance highlights** (cont'd)

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**Calendar year total returns (%)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	8.44	-1.08	9.15	7.99	-4.44	15.09	2.33	7.56	-11.78	7.14
Class R6 shares at NAV	-	-	-	8.10	-4.20	15.37	2.50	7.83	-11.51	7.60
Class Y shares at NAV	8.71	-0.83	9.42	8.26	-4.20	15.37	2.59	7.74	-11.48	7.41
Custom Invesco Income Allocation Index	8.22	0.88	6.38	9.21	-1.84	16.24	10.71	8.63	-14.62	11.78

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**Risk statistics** (5 year)

	Fund	Index
Alpha (%)	-2.33	0.00
Beta	1.03	1.00
Sharpe ratio	0.05	0.32
Information ratio	-0.66	0.00
Standard dev. (%)	10.11	9.16
Tracking error (%)	3.69	0.00
Up capture (%)	88.59	100.00
Down capture (%)	108.09	100.00
Max. drawdown (%)	16.46	18.26

Net and Total = The expense ratio includes acquired fund fees and expenses of 0.45% for the underlying funds.

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to Custom Invesco Income Allocation Index.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The Custom Invesco Income Allocation Index, created by Invesco as the fund's benchmark, is composed of the following indexes: S&P 500® Index, MSCI EAFE® Index, FTSE NAREIT All Equity REIT Index and Bloomberg Barclays U.S. Universal Index. The index composition may change based on the fund's target asset allocation. Therefore, the current index composition doesn't reflect its historical composition and will likely be altered in the future to better reflect the fund's objective of the fund. An investment cannot be made directly in an index.

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#### About risk

Fund performance depends, in part, on how its assets are allocated among inflation-sensitive asset classes and, within each asset class, among underlying funds and other investments. The Adviser's allocation of fund assets may therefore not produce the desired results and could cause the Fund to perform poorly. The Fund may underperform the rate of inflation during a sudden rapid rise in inflation, as the strategy relies on historical trends and may not react quickly enough to capture a spike in interest rates.

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.

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

The fund is subject to the risks of the underlying funds. Market fluctuations may change the target weightings in the underlying funds and certain factors may cause the fund to withdraw its investments therein at a disadvantageous time.

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

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

Municipal securities are subject to the risk that legislative or economic conditions could affect an issuer's ability to make principal and/or interest payments.

Real estate companies, including REITs or similar structures, tend to be small- and mid-cap companies, and their shares may be more volatile and less liquid.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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

The opinions expressed are those of the fund's portfolio management, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Note: Not all products available at all firms. Financial professionals, please contact your home office.

**Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

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**Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.**