

Invesco Income Allocation Fund

Q1 2025

Key takeaways

1 Absolute returns were mixed as negative equity results partially offset positive fixed income returns

All fixed income holdings added to absolute return. Within equities, developed non-US stocks, emerging market equities and large-cap US value performed well; US large-cap growth-oriented strategies lagged.

2 Asset allocation effects were muted; style and manager selections detracted

Effects of the fund's asset allocation decisions, including an overweight in equities relative to fixed income, were largely muted. Style selections for equities and manager selections for bonds detracted.

3 Style selection within equities was the largest detractor from relative return

US mid- and large-cap growth stocks and equity option income-oriented equity strategies were the primary detractors from relative return.

Investment objective

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

Fund facts

Fund AUM (\$M)	325.11
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Portfolio managers

Alessio de Longis, Jeffrey Bennett

Manager perspective and outlook

- Global growth continued in the first quarter, but uncertainty about geopolitical and economic policy rose with the Trump administration's return. Disinflation slowed and stalled in some Western economies, and global monetary policy easing slowed. The US Federal Reserve held rates steady while other major central banks, including the European Central Bank and the Bank of Canada, delivered cuts.
- Large US spending cuts and fear of tariff wars appeared to weigh on the US economy, which showed signs of weakness, largely in sentiment data. Europe responded to US foreign policy changes with increases in defense and infrastructure spending. Political turmoil in Canada, France and Germany appeared to subside as leaders addressed US policy risks.
- US stocks fell on policy concerns and challenges to high-valuation technology stocks after artificial intelligence (AI) advances in China. European and Chinese equities had notable gains. The yield on the 10-year US Treasury bond fell and gold rallied to new highs.
- Uncertainty has remained high, especially regarding tariff policy. Recession and stagflation risks have risen, particularly in the US. European assets may benefit from recent fiscal stimulus despite tariff-induced headwinds. We anticipate volatility due to geopolitical and economic uncertainties, potential tariffs and shifts in interest rate outlooks. Market jitters may arise from weak economic data.



Fund holdings

(% of total net assets)

Invesco Core Bond Fund	25.23
Invesco Core Plus Bond Fund	24.02
Invesco MSCI USA ETF	6.70
Invesco Variable Rate Investment Grade ETF	6.07
Invesco RAFI Developed Markets ex-US ETF	5.47
Invesco QQQ Income Advantage ETF	4.93
Invesco S&P 500 Equal Weight Income Advantage ETF	4.92
Invesco S&P 500 Pure Value ETF	4.29
Invesco Dividend Income Fund	4.02
Invesco International Bond Fund	3.12

Portfolio positioning

Invesco Income Allocation Fund aims to provide current income to investors by prioritizing investments that generate income, such as stock dividends, bond coupons and similar payments.

The fund maintains an overweight in equities relative to the benchmark, but with a preference for income-producing equity strategies. Within fixed income, the fund is positioned with an overweight in core and core plus bonds, favoring higher quality corporate credit over high yield given tight yield spreads between Treasury and non-Treasury sectors.

Asset allocation (%)

Aggregate Bond	31.25
Aggregate Bond Intermediate	23.98
Large-cap	23.46
International	5.46
Value Large Cap	4.02
Foreign Aggregate Bond	3.12
High Yield Bond	2.04
Bank Loans	2.02
Growth Small Cap	1.62
Emerging Markets	1.50
Value Broad Market	1.36
Cash	0.17

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 RAFI Developed Markets ex-U.S. ETF	9.51	0.50
Invesco Core Bond Fund Class R6	2.03	0.49
Invesco Core Plus Bond Fund CI R6	1.93	0.45
Invesco S&P 500 Pure Value ETF	3.12	0.14
Invesco Dividend Income Fd CI R6	2.86	0.12

Top detractors (%)

Issuer	Return	Contrib. to return
Invesco QQQ Income Advantage ETF	-6.17	-0.30
Invesco MSCI USA ETF	-4.57	-0.29
Invesco Main Street Small Cap Fund Class R6	-5.91	-0.10
Invesco Value Opportunities Fund Class R6	-4.98	-0.06
Invesco Russell 1000 Dynamic Multifactor ETF	-1.48	-0.03

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

Exposure to developed non-US large-cap value equities was the top contributor to both absolute and relative performance. Emerging market allocations also added to results.

Fixed income delivered a positive absolute return. An overweight in high-quality, long duration bonds and an underweight in high yield supported relative return.

Invesco RAFI Developed Markets ex-U.S. ETF was the primary driver of the fund's absolute and relative returns.

Detractors from performance

Underperformance was driven by style selection in US equities; exposure to mid- and large-cap growth stocks was the primary drag on results.

Manager selections in fixed income, particularly allocations to core and core plus strategies, detracted from relative performance.

Invesco MSCI USA ETF and **Invesco QQQ Income Advantage ETF** were the largest detractors from both absolute and relative performance.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 10/31/05	NAV	1.31	1.31	5.57	1.60	5.53	3.45	4.69
	Max. Load 5.5%	-4.23	-4.23	-0.25	-0.29	4.34	2.87	4.39
Class R6 shares inception: 04/04/17	NAV	1.31	1.31	5.88	1.93	5.85	3.66	-
Class Y shares inception: 10/03/08	NAV	1.37	1.37	5.84	1.86	5.80	3.71	5.47
Custom Invesco Income Allocation Index		1.32	1.32	6.47	3.24	5.90	5.05	-
Total return ranking vs. Morningstar Moderately Conservative Allocation category (Class A shares at NAV)		-	-	39% (180 of 438)	94% (392 of 426)	81% (320 of 390)	85% (242 of 289)	-

Expense ratios per the current prospectus: Class A: Net: 0.89%, Total: 0.89%; Class R6: Net: 0.56%, Total: 0.56%; Class Y: Net: 0.64%, Total: 0.64%.

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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-1.08	9.15	7.99	-4.44	15.09	2.33	7.56	-11.78	7.14	5.84
Class R6 shares at NAV	-	-	8.10	-4.20	15.37	2.50	7.83	-11.51	7.60	6.14
Class Y shares at NAV	-0.83	9.42	8.26	-4.20	15.37	2.59	7.74	-11.48	7.41	6.11
Custom Invesco Income Allocation Index	0.88	6.38	9.21	-1.84	16.24	10.71	8.63	-14.62	11.78	7.46

Risk statistics (5 year)

	Fund	Index
Alpha (%)	-0.12	0.00
Beta	0.92	1.00
Sharpe ratio	0.34	0.36
Information ratio	-0.16	0.00
Standard dev. (%)	8.69	9.16
Tracking error (%)	2.28	0.00
Up capture (%)	89.03	100.00
Down capture (%)	93.20	100.00
Max. drawdown (%)	16.46	18.26

Net and Total = The expense ratio includes acquired fund fees and expenses of 0.46% for the underlying funds.

Unless otherwise specified, all information is as of 03/31/25. 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.

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.