

# Invesco Income Allocation Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of June 30, 2020



### Investment objective

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

### Portfolio management

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### Fund facts

Total Net Assets	\$518,682,604
Total Number of Holdings	16

### Top contributors

	% of total net assets
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1. Invesco S&P 500 Enhanced Value ETF	5.82
2. Invesco Core Plus Bond Fund	14.60
3. Invesco Dividend Income Fund	8.27
4. Invesco Multi Asset Income Fund	9.93
5. Alerian MLP ETF	1.08

### Market overview

+ The global spread of the novel coronavirus continued into the second quarter of 2020. However, during the second quarter, many countries achieved some success in controlling the spread and were able to slowly reopen their economies. Capital markets benefited from the policy response to the crisis, which was swift and encouraging. Many economies received fiscal stimulus and very significant monetary stimulus. Beginning in March, the US Federal Reserve began implementing a package of policy tools including unlimited quantitative easing, various lending

facilities and the Main Street Lending Program.

+ The massive monetary policy response created a second quarter environment in which investors embraced risk. Stocks rose globally after a deep rout in the first quarter. The S&P 500 Index experienced a dramatic rally - posting its best quarterly performance since 1998. Emerging market debt, high-yield debt and investment grade debt all performed well during the quarter. Sovereign debt yields remained low, moving in a range over the course of the quarter.

### Positioning and outlook

+ Invesco Income Allocation Fund is designed to provide access to multiple asset classes and investment vehicles with the goal of generating current income with growth of capital. The fund seeks to generate income from exposure to multiple asset classes across US equities, international equities and fixed income, through Invesco's broad range of mutual funds and exchange-traded funds.

+ The world remains a place of extreme uncertainty. Assessing the shape of the recovery is difficult

given the many variables at play. In this environment, we expect massive monetary policy stimulus will continue to provide some support to risk assets. However, we also expect significant volatility and potential for stock pullbacks in the coming months. We strongly encourage broad diversification across asset classes and within the equity and fixed-income allocations of an investor's portfolio. We also recommend adequate exposure to alternative asset classes, including real estate, commodities and cash.

### Performance highlights

+ Invesco Income Allocation Fund Class A shares at net asset value (NAV) had a positive return and outperformed its style-specific benchmark, the Custom Invesco Income Allocation Index. (Please see the investment results table on page 2 for fund and index performance.)

+ The fund's performance during the quarter is attributable to results of the underlying affiliated funds and strategies, which seek to provide access to income-generating asset classes, including stocks, bonds and alternatives (e.g., real estate).

### Contributors to performance

+ Allocations to US equities were the leading contributors to absolute performance. Allocations to international equities and alternatives also added to absolute performance. In terms of relative performance, the fund's fixed income allocation had the largest positive effect relative to the index. Specifically, exposure to high-yielding fixed income investments was the largest contributor to relative performance during the quarter.

+ Among the underlying holdings, **Invesco Variable Rate Preferred ETF**, **Invesco High Yield Fund** and **Invesco Core Plus Bond Fund** (5.96%, 6.80% and 14.60% of total net assets, respectively) were all strong contributors to absolute and relative returns. **Alerian MLP ETF** was also a notable contributor to both absolute and relative results.

### Detractors from performance

+ There were no detractors from absolute performance during the quarter. In terms of relative performance, the fund's equity allocation was the leading detractor. Within the allocation, exposure to dividend-yielding and low volatility equities was largely responsible for the underperformance as investors preferred riskier assets during the quarter.

+ **Invesco Dividend Income Fund**, **Invesco S&P International Developed Low Volatility ETF** and **Invesco S&P 500 High Dividend Low Volatility ETF** (8.27%, 5.49% and 2.43% of total net assets, respectively) were the leading detractors from relative return during the quarter.

Fund holdings	% of total net assets
Invesco Core Plus Bond Fund	14.61
Invesco Quality Income Fund	11.87
Invesco Multi-Asset Income Fund	9.94
Invesco Floating Rate Fund	8.73
Invesco Dividend Income Fund	8.28
Invesco High Yield Fund	6.81
Invesco Variable Rate Preferred ETF	5.96
Invesco S&P 500 Enhanced Value ETF	5.82
Invesco S&P International Developed Low Volatility ETF	5.50
Invesco Global Real Estate Income Fund	4.91
Invesco Corporate Bond Fund	3.87
Invesco Emerging Markets Sovereign Debt ETF	3.59
Invesco Taxable Municipal Bond ETF	3.55
iShares Global Infrastructure ETF	2.69
Invesco S&P 500 High Dividend Low Volatility ETF	2.44
Alerian MLP ETF	1.08

Total may not equal 100% due to rounding.

## Investment results

Average annual total returns (%) as of June 30, 2020

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 10/31/05	NAV	Inception: 10/31/05	NAV	Inception: 10/03/08	
	<b>Max Load</b> <b>5.50%</b>		<b>Max CDSC</b> <b>1.00%</b>			<b>Custom Invesco Income Allocation Index</b>
Inception	4.55	4.96	4.42	4.42	6.02	-
10 Years	5.13	5.72	4.93	4.93	5.98	7.22
5 Years	2.44	3.61	2.85	2.85	3.87	6.33
3 Years	-0.02	1.88	1.15	1.15	2.14	6.75
1 Year	-7.99	-2.60	-4.23	-3.32	-2.35	7.59
Quarter	3.30	9.32	8.22	9.22	9.39	9.05

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://invesco.com/performance) 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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index sources: Invesco, FactSet Research Systems Inc.

### Asset allocation (%)

Fixed Income	58.92
Equity	22.01
Alternative	18.60
Cash	0.46

Current allocations may differ

### Expense ratios

	% net	% total
Class A Shares	0.77	0.96
Class C Shares	1.52	1.71
Class Y Shares	0.52	0.71

Per the current prospectus

Net and Total = The expense ratio includes acquired fund fees and expenses of 0.56% for the underlying funds. Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least April 30, 2021. See current prospectus for more information.

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

Class Y shares are available only to certain investors. See the prospectus for more information.

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

The fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

Duration measures a bond fund's price sensitivity to changes in interest rates, taking into account mortgage prepayments, puts, adjustable coupons and potential call dates.

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.

The S&P 500® Index is an unmanaged index considered representative of the US stock market. An investment cannot be made directly in an index.

The MSCI All Country (AC) World ex-US Index is an index considered representative of developed and emerging market stock markets, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors. An investment cannot be made directly in an index.

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**About risk**

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.

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.

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.

**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 advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).*

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.

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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.