# Invesco Balanced-Risk Commodity Strategy Fund

Q1 2025

## Key takeaways

**1 The fund had a positive return but underperformed its benchmark**

Underperformance mainly stemmed from both strategic and tactical underweights in natural gas, along with contract selection in copper.

**2 Precious metals added to the fund's results**

At the sub-complex level, precious metals was the largest contributor to performance as gold and silver reached all-time highs during the quarter.

**3 The Bloomberg Commodity Index produced its highest quarterly gain since the first quarter of 2022.**

All four major sub-complexes had positive outcomes, but results were highly concentrated in a handful of commodities.

**Investment objective**

The fund seeks to provide total return.

**Fund facts**

| | |
|---|---|
| Fund AUM ($M) | 923.39 |

**Portfolio managers**

Christopher Devine, John Burrello, Scott Hixon, Scott Wolle

## Manager perspective and outlook

- The Bloomberg Commodity Index finished the first quarter up 8.9%, its highest quarterly gain since the first quarter of 2022. All four major sub-complexes had positive outcomes; however, results were highly concentrated in a handful of commodities, including natural gas, copper, gold and silver.
- Precious metals were the best performing sub-complex. Gold and silver each posted double digit gains as investors appeared to seek protection in real assets in response to rising geopolitical and economic instability.
- Energy's gains were second to precious metals, led by natural gas, the commodity's best quarter since 2022. February was a particularly strong month for natural gas, as the first persistently frigid winter in three years raised demand for heating.
- Within industrial metals, copper reached an all-time high in New York, where it traded at a premium to London prices. Market participants appeared to bid up the New York price in anticipation of possible tariffs on copper.
- Agriculture delivered more muted relative gains, led by coffee and live cattle, which have had ongoing supply issues.

For more information, including prospectus and factsheet, please visit Invesco.com/BRCAX

## Gross performance attribution (%)

| | Quarter | Year to date | Since inception (annualized) |
|---|---|---|---|
| Agriculture | 0.06 | 0.06 | 0.03 |
| Energy | 1.35 | 1.35 | -0.35 |
| Industrial Metals | 1.89 | 1.89 | -0.35 |
| Precious Metals | 3.13 | 3.13 | 0.38 |
| Tactical Positioning | -1.12 | -1.12 | 0.22 |
| Cash | 1.06 | 1.06 | 1.35 |
| Total | 6.36 | 6.36 | 1.28 |

Returns are gross of fund expenses; net returns will be lower. Cash represents fund collateral used to support derivative positions.

## Performance highlights

The fund had a positive return but underperformed the Bloomberg Commodity Index, mostly due to strategic and tactical underweights in natural gas. Contract selection in copper also detracted from relative return.

Strategic precious metals was the largest contributor to fund results as gold reached another all-time high in March; demand for safer real assets increased amid uncertainty. Silver reached an 11-year high, rising along with gold prices. Additionally, silver rose in the US in a scramble to position the metal domestically ahead of potential tariffs on Mexico, the largest US supplier. The fund's precious metals exposure underperformed benchmark exposure due to a strategic underweight in gold that was only partially offset by a strategic overweight in silver.

Strategic energy results were driven by natural gas as cold weather boosted demand just as new LNG terminals came on-line in the US. Oil and refined products have struggled amid a tug-of-war between fear of reduced demand from slower economic growth and possible supply reduction due to threat of sanctions on Iran and Venezuela. Oil and refined products had net gains in the quarter, due to gains in March that were driven by the potential effect of sanctions. The fund's strategic and tactical underweights in natural gas caused the energy exposure to underperform benchmark energy exposure.

Strategic industrial metals delivered gains, mostly due to the large contribution from soaring copper prices. Copper surged in New York in anticipation of potential tariff announcements, causing traders to move copper to the US to log premiums of up to 13% over London prices. Despite a strategic overweight in copper, the fund underperformed benchmark exposure due to tactical contract selection in the metal.

Strategic agriculture provided a gain. Contributions from coffee, soybean oil and sugar offset losses in grains, including corn, wheat and soybeans. Coffee has been the top performing commodity in the agriculture universe over the last two years as drought conditions in Brazil and Vietnam appear to weigh on supply. Drought in Brazil and lower cane output in India have raised sugar prices just as tariffs add to supply woes. Soybean oil prices gained during the quarter due to a January surge that resulted from last-minute guidance on biofuel tax credit policy before President Biden left office. The fund outperformed benchmark agricultural exposure due to tactical positioning. A tactical overweight in coffee and underweights in soymeal, wheat, corn and cotton added to 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: 11/30/10 | NAV | 6.01 | 6.01 | 5.45 | 0.52 | 14.84 | 3.14 | -0.07 |
| | **Max. Load 5.5%** | 0.15 | 0.15 | -0.39 | -1.35 | 13.56 | 2.56 | -0.46 |
| Class R6 shares inception: 09/24/12 | NAV | 6.20 | 6.20 | 5.77 | 0.79 | 15.18 | 3.48 | -0.51 |
| Class Y shares inception: 11/30/10 | NAV | 6.26 | 6.26 | 5.83 | 0.83 | 15.17 | 3.41 | 0.21 |
| Bloomberg Commodity Index | | 8.88 | 8.88 | 12.28 | -0.77 | 14.51 | 2.77 | - |
| Total return ranking vs. Morningstar Commodities Broad Basket category (Class A shares at NAV) | | - | - | 73% (81 of 105) | 36% (31 of 96) | 63% (64 of 90) | 62% (37 of 63) | - |

## Calendar year total returns (%)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Class A shares at NAV | -16.80 | 11.59 | 4.49 | -12.18 | 4.20 | 7.75 | 18.87 | 7.84 | -3.44 | 5.48 |
| Class R6 shares at NAV | -16.44 | 12.02 | 5.04 | -11.87 | 4.45 | 8.00 | 19.10 | 8.13 | -3.27 | 5.83 |
| Class Y shares at NAV | -16.60 | 11.79 | 4.88 | -12.02 | 4.48 | 7.89 | 19.23 | 8.01 | -3.15 | 5.72 |
| Bloomberg Commodity Index | -24.66 | 11.77 | 1.70 | -11.25 | 7.69 | -3.12 | 27.11 | 16.09 | -7.91 | 5.38 |

Expense ratios per the current prospectus: Class A**: Net: 1.40%, Total: 1.70%; Class R6**: Net: 1.15%, Total: 1.22%; Class Y**: Net: 1.15%, Total: 1.45%.

**Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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 source: 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.**

## Sector weights vs the Bloomberg Commodity Index (%)

| | Fund | BCOM |
|---|---|---|
| Agriculture | 21.28 | 35.63 |
| Energy | 27.40 | 30.16 |
| Industrial Metals | 18.52 | 15.09 |
| Precious Metals | 20.48 | 19.12 |

# Portfolio positioning

The first week of April proved to be a challenging start for the Bloomberg Commodity Index. The benchmark declined over 6%, giving back the majority of its year-to-date gains. The sell-off across risk assets was triggered by larger-than-expected tariffs that have raised fears of a global trading war that might end in a global economic contraction. Oil and refined products prices plunged due to rising recession risk along with the surprise OPEC+ decision to accelerate planned production increases starting in May. Copper plummeted as the recent arbitrage-related move to new highs proved void of fundamental demand. Silver's industrial sensitivity contributed to its decline. Gold initially reached another all-time high at the start of April before it too was swept away in the selling. President Trump's efforts to change longstanding trading relationships, US industrialization and the nation's supply chain security, while also striving to reduce the value of the US dollar, require a highly complex implementation of policies whose ultimate outcomes are uncertain. Our approach remains systematic, patient and dispassionate, which allows us to focus on our role as impartial decision makers in times of heightened volatility.

The fund enters April with an 89% net exposure, in line with the 90% weight at the beginning of 2025. We reduced the underweight in tactical agriculture, while expanding the underweight in tactical industrial metals. Tactical energy positioning saw no material change quarter over quarter. Precious metals have transitioned from a small underweight to a net neutral position relative to the benchmark.

We will rebalance the fund strategically and tactically again next month per our usual monthly cadence. Unlike more passive or index-based strategies, this once-a-month rebalancing increases our flexibility to position the fund according to prevailing market conditions and avoid concentrating risk in any one asset.

****** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb 28, 2026 and contractual management fee waivers in effect through at least Aug 31, 2026.

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to Bloomberg Commodity Index.

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

The Bloomberg Commodity Index is designed to be a liquid and diversified benchmark for the commodity futures market. It is a rolling index composed of futures contracts on 19 physical commodities traded on US exchanges. The index was known as the Dow Jones UBS Commodity Index Total ReturnSM prior to July 1, 2014. An investment cannot be made directly in an index.

**About risk**

Commodities may subject an investor to greater volatility than traditional securities such as stocks and bonds and can fluctuate significantly based on weather, political, tax, and other regulatory and market developments.

Commodity-linked notes may involve substantial risks, including risk of loss of a significant portion of principal and risks resulting from lack of a secondary trading market, temporary price distortions, and counterparty risk.

Changes in the value of two investments or asset classes may not track or offset each other in the manner anticipated by the portfolio managers, which may inhibit their risk allocation process from achieving its investment objective.

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.

An investment in exchange-traded funds (ETFs) may trade at a discount to net asset value, fail to develop an active trading market, halt trading on the listing exchange, fail to track the referenced index, or hold troubled securities. ETFs may involve duplication of management fees and certain other expenses. Certain of the ETFs the fund invests in are leveraged, which can magnify any losses on those investments.

Exchange-traded notes (ETNs) are subject to credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark or strategy remaining unchanged.

Short sales may cause an investor to repurchase a security at a higher price, causing a loss. As there is no limit on how much the price of the security can increase, exposure to potential loss is unlimited.

By investing in the subsidiary, the fund is indirectly exposed to risks associated with the subsidiary's investments, including derivatives and commodities. Because the subsidiary is not registered under the Investment Company Act of 1940, the fund will not have the protections offered to investors in US registered investment companies.

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.
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.

**Morningstar**



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