Invesco Global Strategic Income Fund

Q2 2025

Key takeaways

1 The fund outperformed for the quarter
The fund outperformed its benchmark for the quarter. The fund's interest rate positioning and credit holdings added to relative return, while foreign currency exposure detracted.

2 Opportunity to benefit from income and diversification
Global fixed income markets offer a wide opportunity set for additional yield and total return potential, with built-in diversification across geographies and fixed income sectors.

3 Weakening US dollar offers greater total return potential for global fixed income
The US dollar declined by more than 10% in the first half of 2025 yet remains expensive on a historical basis and could be vulnerable to further decline, particularly if US growth slows.

Investment objective
The fund seeks total return.

Fund facts

Fund AUM ($M)	1,621.29

Portfolio managers
Hemant Baijal, Arin Kornchankul, Kristina Campmany, Michael Block

Manager perspective and outlook

- Trade and geopolitical uncertainty characterized the quarter, complicating policymakers' decision-making and prompting divergences that may invite investors to re-examine their investment positioning.
- Changing global perception of the US dollar is a notable shift in 2025. The dollar is down 10.7% this year as heightened policy uncertainty and slowing US economic growth have challenged the narrative of US exceptionalism and led non-US assets to outperform.
- The US Federal Reserve held interest rates steady, signaling caution amid mixed economic signals as it seeks to calibrate the growth and inflation effects of evolving trade policies.
- Bank of Canada and Bank of Japan similarly left rates unchanged, while the European Central Bank, along with central banks in England, Switzerland, Sweden, Norway and Australia, continued to ease.
- In emerging markets, slowing inflation enabled several central banks to ease. Brazil remained an outlier in hiking rates but is likely reaching the end of its tightening cycle.
- Fiscal dynamics also evolved, with the US Congress advancing a package of tax and spending cuts and the prospect of fiscal expansion seemingly boosting investor sentiment in the European Union.
- As economic outcomes and policy decisions further diverge across countries, we believe this is an exceptional environment for active management to generate alpha (excess return above a given benchmark).

Portfolio characteristics*

Effective duration (years)	3.84
Weighted avg. effective maturity (years)	6.11
30-day SEC yield (Class A shares)	4.74
30-day SEC unsubsidized yield (Class A shares)	4.74

Quality breakdown

	(% total)
AAA	1.7
AA	14.9
A	9.9
BBB	22.1
BB	26.3
B	5.8
CCC and below	1.5
Not rated	2.9
Cash and Cash equivalent	8.8
Derivatives & FX	6.1

Investment categories

	(% total)
Securitized	**23.7**
MBS	22.5
ABS	0.5
CMBS	0.8
Emerging Market Debt	**22.0**
Emerging Market Sovereign Bonds	16.3
Emerging Market Corporate Bonds	5.7
US Debt	**23.1**
US Investment Grade Bonds	15.7
US High Yield Bonds	7.0
US Loans	0.4
Non-US Debt	**15.6**
Non-US High Yield Bonds	6.6
Non-US Investment Grade Bonds	4.8
Non-US Sovereign Bonds	4.2
Cash & Cash Equivalent	**8.8**
Derivatives & FX	**6.1**
Other	**0.7**

Portfolio positioning

During the quarter, we increased the fund’s foreign currency exposure, primarily by adding exposure to developed market currencies. We decreased overall duration exposure, reducing exposure in the European Union, US and Australia. Overall credit exposure decreased, mainly due to lower corporate exposure.

Investors appear to be noticing that the Bloomberg Global Aggregate Index meaningfully outperformed the Bloomberg US Aggregate Index for the first half of 2025, with returns of 7.27% and 4.02%, respectively. We believe we are witnessing a significant shift in sentiment on the merits of investing globally versus simply in the US.

Profound US policy change has been influencing this shift in two important ways: tariffs introduce greater uncertainty to growth and inflation, and the US dollar’s overvaluation (relative to historical levels) has started to reverse.

Within the US, tariffs may affect inflation and growth, raising prices and reducing demand. Abroad, tariffs do not spur inflation but may slow economic growth because it is difficult to quickly or easily replace the US market. As a result, there is greater room for countries outside the US to support domestic demand by lowering interest rates. In this scenario, fixed income markets outside the US are likely to perform better.

For the last decade, substantial outperformance of US equities drew capital into the US, which led to the dollar appreciating. As a result, foreign investors benefited from holding US assets either unhedged or partially hedged as both the underlying asset and the currency appreciated. Consequently, investors outside the US hold a large amount of dollar assets and investors inside the US hold relatively few assets abroad. We believe that dynamic is beginning to correct. Trade and geopolitical uncertainties, alongside slowing US economic growth, have challenged US exceptionalism and the US dollar has started to weaken. Investors who own US assets have started to hedge some exposure to the US dollar and have been incrementally allocating additional money outside the US. As foreign investors scale back US allocations or repatriate capital, demand for US assets and by extension the US dollar may continue to weaken – further supporting global fixed income.

In our view, diverging economic outcomes and policy shifts across the globe create an exciting environment to generate alpha through active management.

Performance highlights

The fund’s Class A shares at net asset value (NAV) outperformed its benchmark for the quarter. The fund’s interest rate positioning and credit holdings added to relative return, while foreign currency exposure detracted from relative return. The top contributors to relative return were positioning in the Mexican Peso and interest rate positioning in Brazil and the European Union. The largest detractors were positioning in the Euro, interest rate positioning in Japan, and positioning in the British Pound.

Contributors to performance

- Positioning in the Mexican Peso
- Interest rate positioning in Brazil
- Interest rate positioning in the European Union

Detractors from performance

- Positioning in the Euro
- Interest rate positioning in Japan
- Positioning in the British Pound

Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 10/16/89	NAV	4.57	8.05	12.12	7.92	2.36	2.07	5.87
	Max. Load 4.25%	0.11	3.35	7.20	6.40	1.45	1.63	5.75
Class R6 shares inception: 01/27/12	NAV	4.36	7.93	12.56	8.20	2.71	2.45	2.91
Class Y shares inception: 01/26/98	NAV	4.31	7.85	12.41	8.07	2.54	2.29	4.66
Bloomberg Global Aggregate Index		4.52	7.27	8.91	2.75	-1.16	1.17	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	12% (20 of 159)	7% (14 of 159)	16% (17 of 152)	21% (28 of 128)	-

Expense ratios per the current prospectus: Class A: Net: 1.05%, Total: 1.05%; Class R6: Net: 0.70%, Total: 0.70%; Class Y: Net: 0.81%, Total: 0.81%.

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-2.35	6.36	6.22	-4.69	10.58	3.51	-3.24	-11.79	8.65	3.28
Class R6 shares at NAV	-2.20	7.11	6.66	-4.36	10.72	3.88	-2.91	-11.27	9.04	3.63
Class Y shares at NAV	-2.11	6.62	6.47	-4.46	10.84	3.76	-3.28	-11.62	8.93	3.86
Bloomberg Global Aggregate Index	-3.15	2.09	7.39	-1.20	6.84	9.20	-4.71	-16.25	5.72	-1.69

Unless otherwise specified, all information is as of 06/30/25. Unless stated otherwise, Index refers to Bloomberg Global Aggregate Index.

The Bloomberg Barclays Global Aggregate Index is an unmanaged index considered representative of global investment-grade, fixed-income markets. An investment cannot be made directly in an index.

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.

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.

The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues. Developing markets may especially be volatile.

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

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

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.

Most senior loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation, and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. 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.
Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; https://ratings.moodys.io/ratings and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.

*** 30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Weighted average maturity** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Morningstar

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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.