

Invesco Global Strategic Income Fund

Q1 2025

Key takeaways

- 1 The fund outperformed for the quarter**

The fund outperformed its benchmark for the quarter. The fund's interest rate positioning added to relative return, while credit and foreign currency exposures detracted from relative return.
- 2 Opportunity to benefit from income and diversification**

Global fixed income markets offer, in our view, a wide opportunity set to drive additional yield and total return potential, with built-in diversification across geographies and fixed income sectors.
- 3 Macroeconomic conditions aligning for global fixed income**

Global fixed income may benefit from improving global growth differentials and normalizing financial conditions across the world. We believe economic and policy divergences across regions and countries create exciting opportunities for active managers.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM (\$M)	1,530.84
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Portfolio managers

Hemant Baijal, Arin Kornchankul, Kristina Campmany, Michael Block

Manager perspective and outlook

- Market expectations appeared upended in the first quarter. US policy uncertainty appeared to erode sentiment and raised recession concerns as investors seemed to analyze how shifts in global trade policy would affect growth and inflation.
- Countering prevailing pessimism in Europe, German elections appeared to fuel optimism for a pro-growth agenda, further boosted by plans to loosen fiscal rules and the prospect of the European Union issuing joint debt to finance defense spending.
- The US Federal Reserve ("Fed") held interest rates steady, awaiting signs of inflation impacts or economic weakening, while signaling readiness to act if needed.
- In contrast, the European Central Bank, Bank of England, Swiss National Bank and Bank of Canada continued easing monetary policy, while the Reserve Bank of Australia began to ease. Most signaled further reductions in 2025. Bank of Japan, an outlier, hiked rates again, albeit from a low level.
- Emerging market central banks proceeded cautiously. Mexico, South Africa and India cut rates, while outlier Brazil hiked rates and signaled more tightening if inflation persists.
- The US dollar headed into 2025 strong but drifted downward during the first quarter on prospects for slowing US growth.
- We expect economic and policy divergences across regions and countries to persist. We believe this environment offers compelling excess return opportunities for active managers such as ourselves.



Portfolio characteristics*

Effective duration (years)	5.33
Weighted avg. effective maturity (years)	8.18
30-day SEC yield (Class A shares)	5.48
30-day SEC unsubsidized yield (Class A shares)	5.47

Quality breakdown

	(% total)
AAA	1.2
AA	10.2
A	9.1
BBB	26.1
BB	28.1
B	10.2
CCC and below	1.8
Not rated	4.4
Cash and Cash equivalent	5.5
Derivatives & FX	3.5

Investment categories

	(% total)
Securitized	23.0
MBS	22.0
ABS	0.1
CMBS	0.9
Emerging Market Debt	26.3
Emerging Market Sovereign Bonds	19.2
Emerging Market Corporate Bonds	7.1
US Debt	21.9
US Investment Grade Bonds	11.3
US High Yield Bonds	8.1
US Loans	2.5
Non-US Debt	17.2
Non-US High Yield Bonds	6.7
Non-US Sovereign Bonds	6.2
Non-US Investment Grade Bonds	4.4
Cash & Cash Equivalent	5.5
Derivatives & FX	3.5
Other	2.6

Portfolio positioning

During the quarter, we increased the fund's foreign currency exposure, primarily by increasing exposure to developed market currencies. We expect the main beneficiaries of a weaker US dollar to be countries with current account surpluses, which are mainly found in developed markets. We increased overall duration exposure, primarily by adding to developed market duration and reducing the fund's underweight. Credit exposure increased, mainly due to an increase in mortgage exposure.

Though the Fed held rates steady during the quarter, it downgraded its economic outlook for 2025, reflecting an uncertain policy environment that has been clouding the outlook for the US economy. Risks of both weaker growth and higher inflation present a complicated path for the Fed to navigate. While on hold for now as it assesses effects of the new administration's policies on the economy, we expect the Fed's path is probably toward lower rates if domestic demand falls.

In contrast, most other developed market central banks have shifted decisively into easing mode, and we expect this to continue, with the Bank of Japan remaining an outlier. The shift from a global consensus of cautious rate cuts toward more independent monetary policy decisions reflects diverging economic paths. As each central bank's pace and destination will vary, this landscape presents, in our view, an array of opportunities for active interest rate exposures based on relative value.

Emerging markets in our estimation face a complex landscape with mixed signals for inflation and the global economy. As long as the Fed remains on hold, emerging market banks have relatively less room to maneuver. We believe most central banks will continue to reduce rates to the extent they can, based on country-specific growth and inflation dynamics. As the Fed eventually lowers rates, we expect more Asian central banks to follow suit.

We believe an actively managed approach is particularly valuable in an environment of greater economic and policy dispersion. Furthermore, an approach focused on income generation may be especially timely in periods of heightened uncertainty. We remain excited about the compelling opportunities for generating excess return in global fixed income markets.

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 added to relative return, while credit and foreign currency exposures detracted from relative return. The top contributors to relative return were interest rate positioning in the US, Mexico, and Brazil. The largest detractors were positioning in the Euro and the Turkish Lira, along with credit exposure in the US.

Contributors to performance

- Interest rate positioning in the US
- Interest rate positioning in Mexico
- Interest rate positioning in Brazil

Detractors from performance

- Positioning in the Euro
- Positioning in the Turkish Lira
- Credit exposure in the US

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 10/16/89	NAV	3.33	3.33	6.97	2.65	4.33	1.53	5.78
	Max. Load 4.25%	-1.17	-1.17	2.34	1.17	3.41	1.09	5.65
Class R6 shares inception: 01/27/12	NAV	3.43	3.43	7.35	3.01	4.70	1.93	2.63
Class Y shares inception: 01/26/98	NAV	3.39	3.39	7.23	2.90	4.58	1.77	4.54
Bloomberg Global Aggregate Index		2.64	2.64	3.05	-1.63	-1.38	0.61	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	3% (7 of 159)	16% (16 of 158)	9% (10 of 151)	22% (27 of 126)	-

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](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. 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.

Performance highlights (cont'd)

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 03/31/25. 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.moody's.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.