

# Invesco Balanced-Risk Commodity Strategy Fund

## Quarterly Performance Commentary

Mutual Fund Retirement Share Classes  
Data as of March 31, 2023



### Investment objective

The fund seeks to provide total return.

### Portfolio management

Mark Ahnrud, Chris Devine, Scott Hixon, Christian Ulrich, Scott Wolle

### Fund facts

Total Net Assets	\$911,016,929
Distribution Frequency	Annually

### Gross performance attribution

	Quarter	Since Dec. 1, 2010 (annualized)
Agriculture	-0.44%	-0.44%
Energy	-4.48%	-4.48%
Industrial Metals	0.74%	0.74%
Precious Metals	1.04%	1.04%
Tactical Positioning	0.13%	0.13%
Cash	1.10%	1.10%
Total	-1.91%	-1.91%

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

### Risk positioning

	Strategic position	Tactical position
Agriculture	25%	Underweight
Energy	25%	Overweight
Industrial Metals	25%	Overweight
Precious Metals	25%	Underweight

The fund's strategic allocation targets an equal risk contribution within and across each of the portfolio's four commodity complexes to the overall portfolio risk. Tactical positioning, which is applied monthly, seeks to overweight, underweight or maintain those strategic positions depending on a select group of factors such as supply and demand, the current economic environment and short- and intermediate-term price movements.

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

+ Commodities declined in the first quarter as resilient inflation caused central banks to keep interest rate policies "higher-for-longer" and investors feared that higher interest rates would trigger a banking crisis in the US and Europe. Three of the four primary sub-complexes in the Bloomberg Commodity Index declined, with energy falling the most due to a 51% loss in natural gas. Warm seasonal temperatures reduced demand for both natural gas and heating oil, while the overall energy sub-complex suffered the brunt of concerns

about potential slowing in global economic growth. Agriculture contributed to the decline with double-digit losses in wheat, lean hogs and soybean oil, all suffering from excess supply. Industrial metals also declined as nickel fell 21% in anticipation of lower demand for stainless steel and electric vehicles. Precious metals were the big winner as gold benefited from a large decline in US government bond yields, a weaker US dollar and a downward shift in expectations for future rate hikes by the US Federal Reserve.

### Positioning and outlook

+ As we entered the second quarter, the Organization of Petroleum Exporting Countries (OPEC) made surprise production cuts, a clear sign the cartel is concerned about falling global demand. In recent months, OPEC has acknowledged a widening gap between the demand outlooks for Western nations and Asia, especially China, which continues to recover from its extended COVID-19 lockdowns. In its February oil market report, OPEC lowered its demand forecast for Organization for Economic Cooperation and Development (OECD) countries,

while raising demand projections for non-OECD countries, including China and India. Overall, OPEC stuck with its forecast for global oil demand to rise by 2.3 million barrels a day in 2023 to a total of 101.9 million barrels a day, a record high. OPEC's sudden production cuts may set up markets for a potential supply deficit later this year.

+ The fund enters March with total net exposure declining from 99% to 96% month-over-month due to larger underweights in agriculture, industrial metals and precious metals, along with a reduced overweight in energy.

### Performance

- + The fund's Class A shares at net asset value (NAV) outperformed its benchmark, primarily due to a strategic underweight in natural gas, as well as tactical contract selection in natural gas.
- + Energy was the largest detractor from absolute return but also the fund's largest contributor to return relative to the benchmark. Energy commodities came under pressure due to the banking crisis in the US and Europe and potential for a global economic slowdown that would reduce demand.
- + Agriculture also delivered a negative absolute return for the fund but added to relative return due to an underweight in lean hogs, which hit a 12-month low amid rising inventories and demand fears, and an overweight in sugar, which hit a six-year high due to a poor supply outlook from Thailand and India.
- + Industrial metals, which were negative within the benchmark, provided a gain for the fund due to a strategic overweight in copper and lack of exposure to nickel and zinc due to their more limited liquidity. Copper prices rose 7% on growing demand in China, while nickel declined 21% on fear of lower demand.
- + Precious metals were the largest contributor to absolute return due to gains in gold. Both gold and silver surged in response to the banking crisis, lower interest rates and a weaker US dollar.
- + Tactical allocation was a positive contributor as gains in energy and agriculture offset declines from the fund's positioning in precious metals and industrial metals.

Expense ratios	% net	% total
Class A Shares	1.40	1.64
Class Y Shares	1.15	1.39
Class R Shares	1.65	1.89
Class R6 Shares	1.12	1.18
Class R5 Shares	1.15	1.25

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least February 29, 2024 and contractual management fee waivers in effect through at least June 30, 2024. See current prospectus for more information.

## Investment results

Average annual total returns (%) as of March 31, 2023

	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Style-Specific Index
	Inception: 11/30/10	Inception: 11/30/10	Inception: 11/30/10	Inception: 09/24/12	Inception: 11/30/10	
						<b>Bloomberg Commodity Index</b>
<b>Period</b>	<b>NAV</b>	<b>NAV</b>	<b>NAV</b>	<b>NAV</b>	<b>NAV</b>	<b>NAV</b>
Inception	-0.88	-0.61	-1.09	-1.58	-0.56	-
10 Years	-1.00	-0.75	-1.23	-0.65	-0.70	-1.72
5 Years	4.51	4.77	4.27	4.82	4.81	5.36
3 Years	21.83	22.20	21.64	22.25	22.21	20.82
1 Year	-8.02	-7.69	-8.18	-7.71	-7.76	-12.49
Quarter	-2.22	-2.01	-2.28	-1.99	-2.00	-5.36

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Class R6 shares have no sales charge; therefore, performance is at NAV. Class R5 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 source: Bloomberg L.P.

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

Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information.

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 Return<sup>SM</sup> prior to July 1, 2014. An investment cannot be made directly in an index.

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**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.

***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 financial professionals 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.