

# Invesco Balanced-Risk Allocation Fund

## Quarterly Performance Commentary

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



### Investment objective

The fund seeks to provide total return with a low to moderate correlation to traditional financial market indices.

### Portfolio management

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### Fund facts

Total Net Assets	\$1,646,858,147
Distribution Frequency	Annually

### Gross performance attribution

	Quarter	Since July 1, 2009 (annualized)
Growth	1.55%	2.46%
Defensive	2.29%	1.97%
Real Return	-1.03%	0.67%
Tactical Allocation	-1.08%	1.06%
Cash	1.12%	0.71%
Total	2.86%	6.86%

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

### Target portfolio asset positions

Bonds	51.32%
Stocks	43.02%
Commodities	26.61%
Options	17.29%

Total portfolio asset weight greater than 100% is achieved through derivatives and other instruments that create leverage.

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

### Market overview

+ The global economy reaccelerated during the first quarter, fueled by low unemployment in Western developed countries, a robust rebound in China's economy and a mild European winter that led to lower energy prices. Generally moderating inflation and less aggressive interest rate hikes by central banks further supported asset prices. The banking sector came under pressure in March with the collapse of Silicon Valley Bank, but a rapid

response from policymakers helped ease investor fears. Global equities posted gains in the first quarter on improved economic prospects and anticipation of an end to monetary policy tightening. In March, government bonds benefited from a flight to safety amid the banking crisis. Commodities posted losses for the quarter, largely driven by lower energy prices.

### Positioning and outlook

+ As we enter the second quarter, questions about an economic slowdown are beginning to emerge. On the first day of the new quarter, the Organization of the Petroleum Exporting Countries' (OPEC) announced a surprise oil production cut of 1.66 million barrels per day, which was seen as OPEC's preparation for future demand reduction. Release of March's Institute of Supply Management (ISM) data further fueled slowdown fears as the Purchasing Managers' Index (PMI) - a measure of manufacturing activity - fell to its lowest level in three years.

+ The fund's tactical positioning for April has overweights in all equity markets except US large and small-caps, which are underweight. In fixed income, the fund is overweight Australia and Japan, while underweight Germany, the UK and the US. Canadian bonds are neutral weight. Within commodities, the fund is underweight industrial and precious metals and all agriculture assets except soybean, soy meal and sugar, which are overweight. The fund is overweight all energy assets except natural gas, which is underweight.

### Performance

- + The fund's Class A shares at net asset value (NAV) underperformed its balanced benchmark due to its lower equity risk exposure. (Please see the investment results table on page 2 for fund and index performance.)
- + Exposure to the growth macro factor added to fund results as all equity markets where the fund invested had positive returns despite increased volatility due to the US and European banking crisis. European, Japanese and US equities led the rally. European equities benefited from rising investor optimism as the continent had a milder-than-expected winter and was quickly able to secure non-Russian energy supplies. US large and small-cap equities also contributed as easing, though still high, inflation kept investors optimistic. US small-caps lagged their large-cap counterparts, the result of investors' clear preference for larger, more liquid stocks.
- + Exposure to the defensive macro factor added to fund results as government bonds broadly benefited from signs of easing inflation pressures in January and from investors' flight to safety in March. Australian, UK and European bonds were the top contributors.
- + Exposure to commodities detracted from fund results. Among the sub-complexes, energy was the largest detractor, hampered by natural gas, heating oil and gasoil. While warmer weather pressured natural gas and heating oil prices, gasoil experienced lower demand from weather and decreased commercial trucking activity. Agriculture came under pressure from high supplies of Russian wheat and the recent renewal of a deal enabling safe passage through the Black Sea. Industrial metals provided a gain due to positive performance in copper tied to China's growing demand and a nearly 30% decline in inventories monitored by the futures exchanges in Shanghai, London and New York during the last two months of the quarter. Precious metals were the largest contributor due to gains in gold.
- + Tactical positioning detracted from fund results as losses in bonds and commodities outweighed gains from overweight exposure in equities.

Expense ratios	% net	% total
Class A Shares	1.38	1.42
Class Y Shares	1.13	1.17
Class R Shares	1.63	1.67
Class R6 Shares	1.04	1.08
Class R5 Shares	1.11	1.15

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 June 30, 2024. See current prospectus for more information.

## Investment results

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

Period	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Style-Specific Index	Custom Invesco Balanced Risk Allocation Style Index
	Inception: 06/02/09	Inception: 06/02/09	Inception: 06/02/09	Inception: 09/24/12	Inception: 06/02/09		
Inception	5.54	5.80	5.27	3.56	5.83	-	-
10 Years	3.08	3.34	2.83	3.45	3.37	6.11	6.11
5 Years	2.41	2.67	2.16	2.76	2.70	5.57	5.57
3 Years	5.78	6.07	5.52	6.14	6.06	8.72	8.72
1 Year	-11.33	-11.07	-11.52	-11.03	-11.16	-5.72	-5.72
Quarter	2.55	2.72	2.62	2.71	2.60	5.88	5.88

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 sources: Invesco, FactSet Research Systems Inc.

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.

Under normal conditions, the strategy invests in derivatives and other financially-linked instruments whose performance is expected to correspond to US and international fixed income, equity and commodity markets. However, the performance of the asset classes cannot be guaranteed. The derivative investments and enhanced investment techniques (such as leverage) used by the portfolio are subject to greater risks than those associated with investing directly in securities or more traditional instruments.

Commodities are held in a Special Purpose Vehicle (SPV); asset class weight for commodities represents the look-through positioning.

The Custom Invesco Balanced Risk Allocation Style Index, created by Invesco as the fund's benchmark, is composed of the following indexes: MSCI World Index (60%) and Bloomberg Barclays U.S. Aggregate Index (40%). 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.

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.

Should the Fund's asset classes or the selected countries and investments become correlated in a way not anticipated by the Adviser, the risk allocation process may result in magnified risks and loss instead of balancing (reducing) the risk of loss.

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.

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.

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

The fund invests in financial instruments that use the London Interbank Offered Rate ("LIBOR") as a reference or benchmark rate for variable interest rate calculations. LIBOR will be phased out by the end of 2021, and it's anticipated that LIBOR will cease to be published after that time. To assist with the transition, US dollar LIBOR rates will continue to be published until June 2023. There is uncertainty on the effects of the LIBOR transition process, therefore any impact of the LIBOR transition on the fund or its investments cannot yet be determined. There is no assurance an alternative rate will be similar to, produce the same value or economic equivalence or instruments using the rate will have the same volume or liquidity as LIBOR. Any effects of LIBOR transition and the adoption of alternative rates could result in losses to the fund.

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.

Underlying investments may appreciate or decrease significantly in value over short periods of time and cause an underlying fund's shares to experience significant volatility over short periods of time.

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.