Invesco Balanced-Risk Allocation Fund

Quarterly Performance Commentary

Mutual Fund Retirement Share Classes
Data as of Dec. 31, 2019

Invesco

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	$3,156,140,966
Distribution Frequency	Annually

Gross performance attribution

	Quarter	Since July 1, 2009 (annualized)
Equities	2.26%	2.97%
Fixed Income	-1.87%	3.36%
Commodities	2.17%	-0.14%
Active Positioning	0.48%	1.47%
Cash	0.47%	0.60%
Total	3.51%	8.26%

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

Target portfolio asset positions

Equities	0.42
Fixed Income	0.57
Commodities	0.38

The fund's strategic allocation targets an equal risk contribution (33%) from within and across each of the portfolio's three asset classes to the overall portfolio risk. The Target Portfolio Asset Positions shown, which are applied monthly, seeks to overweight, underweight or maintain those strategic positions depending on a select group of factors such as valuations, the current economic environment and investor positioning. Total portfolio asset weight greater than 100% is achieved through derivatives and other instruments that create leverage.

Market overview

+ Positive sentiment connected to a US-China trade resolution and evidence that central bank policy actions are starting to have intended effects helped drive up prices of risky assets during the quarter. Gains were widespread as developed equity markets and all four commodity complexes rose in value. Positive sentiment dampened enthusiasm for bonds as investors eschewed perceived safe havens in favor of riskier options.

Positioning and outlook

+ The issue most likely to occupy investors' attention in January is the resurgence of geopolitical risk following the US killing of a top Iranian general. The immediate impact was a spike in energy prices, which could continue depending on any retaliatory action from Iran. A broadening of Middle East conflict could reduce risk appetites, as evidenced by falling equity prices and gains in traditional safe havens like gold and government bonds. Investors will also be monitoring the lead up to the scheduled January 15th signing of the Phase One China/US trade deal. Any prevarication around that event could spur additional volatility. Despite these near-term challenges, manufacturing data seem to be bottoming and previous monetary easing seems to be working. The path forward will be shaped by many different variables and requires a flexible approach. We believe our risk-balanced approach to economic diversification is well suited for this environment.
+ Tactical positioning for January includes overweights in all equity markets except Hong Kong, which is neutral. In bonds, the fund is underweight in Australia, the UK, Canada and the US. German and Japanese government bonds remain absent from the fund due to negative yields and impaired credit quality. Across agricultural commodities, all exposures are mildly overweight except cocoa, which is neutral. All energy exposures are overweight except natural gas, which is underweight. All metals exposures are overweight.

Performance

+ The fund's Class A shares at net asset value (NAV) underperformed its balanced benchmark. (Please see the investment results table on page 2 for fund and index performance.)
+ Exposure to developed equity markets made the largest contribution to relative return for the quarter. Japan was the leading contributor, despite hiking its consumption tax by 2% at the start of the quarter. US equities performed well due to trade deal sentiment and the positive impact of the Federal Reserve's three 2019 rate cuts. Hong Kong equities rebounded from poor sentiment tied to local unrest and part of that snapback was certainly due to trade deal optimism. European equities aided fund results despite evidence that growth is likely to remain sluggish. Exposure to UK equities provided only a modest lift as Brexit and the late-quarter election caused uncertainty.
+ Exposure to commodity markets benefited results as all four complexes posted gains. Energy made the largest contribution as crude oil prices jumped double digits on the announcement of OPEC supply cuts, China's strong manufacturing data and trade deal optimism. Most of the fund's agricultural exposure saw gains except for lean hogs, corn and soymeal. Sugar and coffee were notable contributors as Brazil's adverse weather fed supply fears. Cotton prices also rose sharply as challenging weather affected crop yields. Industrial metals prices rose on trade optimism, China's manufacturing data and reduced inventories. Gold and silver prices rose, benefiting from the low interest rate environment and a weakening US dollar late in the quarter.
+ Exposure to government bonds negatively affected results. Yields rose across all four of the fund's exposures as optimism for a potential trade deal fueled demand for risky assets. Reduced expectations for future interest rate cuts also pressured yields as major central banks signaled that policy targets were likely to stay at current levels.
+ The fund's tactical positioning aided results as equity overweights produced gains that were only partially offset by defensive commodities posturing and an overweight in Australian bonds.

Expense ratios	% net	% total
Class A Shares	1.31	1.37
Class Y Shares	1.06	1.12
Class R Shares	1.56	1.62
Class R6 Shares	0.96	1.02
Class R5 Shares	1.02	1.08

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, 2020. See current prospectus for more information.

Investment results

Average annual total returns (%) as of Dec. 31, 2019

	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	
	Inception: 06/02/09	Inception: 06/02/09	Inception: 06/02/09	Inception: 09/24/12	Inception: 06/02/09	Style-Specific Index
Period	**NAV**	**NAV**	**NAV**	**NAV**	**NAV**	**Custom Invesco Balanced Risk Allocation Style Index**
Inception	6.90	7.17	6.62	-	7.20	-
10 Years	6.26	6.53	5.99	6.54	6.56	7.40
5 Years	4.36	4.61	4.08	4.74	4.67	6.63
3 Years	5.39	5.62	5.08	5.75	5.68	9.24
1 Year	14.66	14.91	14.29	15.12	14.99	19.93
Quarter	3.19	3.22	3.04	3.26	3.22	5.16

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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 R5 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. 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

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.

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.

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.

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.

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.