Invesco Balanced-Risk Allocation Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 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	$3,249,573,359
Distribution Frequency	Annually

Gross performance attribution

	Quarter	Since July 1, 2009 (annualized)
Equities	-0.10%	2.81%
Fixed Income	1.45%	3.62%
Commodities	-1.27%	-0.36%
Active Positioning	0.20%	1.47%
Cash	0.57%	0.57%
Total	0.85%	8.11%

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	39.61%
Fixed Income	71.40%
Commodities	23.19%

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

+ Despite accommodative moves by central banks around the globe, equity markets struggled during the quarter as weak manufacturing data, trade tensions and country-specific challenges took a toll. Bonds performed well amid the uncertainty as investors sought assets perceived to be safe havens. Performance of the various commodity complexes was mixed, with agriculture, energy and industrial metals prices falling, while precious metals prices rose.

Positioning and outlook

+ Central banks have embarked on a renewed easing path with the Federal Reserve having cut interest rates twice in the quarter, while the European Central Bank restarted its bond purchases and other central banks also favored monetary easing in their actions and language. During August's equity selloff, markets seemed to indicate that monetary policy was too tight given the state of economic activity and uncertainty about global trade. Now we wait to see whether the policy shifts are sufficient and data begin to improve or whether central bank actions were too little, too late, which could force more drastic moves by policymakers. As always, remaining open to a wide range of outcomes through a risk-balanced approach seems prudent.
+ Tactical positioning for October includes overweights in all six equity markets. In fixed income, the strategy is overweight Australia and the UK, but underweight Canada and the US. German and Japanese bonds remain absent from the portfolio due to a combination of deeply negative yields and impaired credit quality. Across agricultural commodities, all exposures are underweight except cocoa, which is neutral. In energy, all exposures are underweight except unleaded gas, which is neutral. In metals, aluminum and copper are underweight, while gold and silver are neutral.

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 equities produced mild losses as returns varied across the six markets in which the strategy invests. Japan, Euroland and US large-cap equities added to fund results. Accommodative central bank policy and hope for a resolution of trade issues helped these markets overcome a mid-quarter swoon that sent equity prices lower. US small-cap stocks declined for the quarter, detracting slightly from fund results. The fund's largest detractor was Hong Kong where equity prices fell sharply due to local unrest.
+ Exposure to government bond markets bolstered results as yields fell across the four markets where the strategy was invested. Investors appeared nervous about central bank policy in light of uncertain global economic activity, geopolitical events, and the possibility that the UK would exit the European Union with no agreement in place. These worries fueled a scramble for safe-haven assets. Within the fund's bond segment, Australia led results, followed by the US, the UK and finally Canada.
+ Exposure to commodities was the largest drag on results as three of the four complexes posted losses. Agricultural commodities continued to suffer from oversupply fears and tariff tensions until September when hot weather seemed likely to hamper crop yields in key growing regions. Energy prices were lower despite Middle East tensions as investors focused on slowing global growth and potential for reduced demand. Industrial metals fell as concerns about global growth affected demand outlook, much like energy. Precious metals were the only complex where prices rose and were the only contributor to the fund's commodity results. Precious metals prices rallied along with bonds as nervous investors sought to escape volatility in risky assets.
+ The fund's tactical positioning generated positive results as positioning in commodities led to gains that were only partially offset by detractions from equity and fixed income positioning.

Expense ratios	% net	% total
Class A Shares	1.31	1.37
Class C Shares	2.06	2.12
Class Y Shares	1.06	1.12

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 Sept. 30, 2019

	Class A Shares		Class C Shares		Class Y Shares	
	Inception: 06/02/09		Inception: 06/02/09		Inception: 06/02/09	Style-Specific Index
Period	**Max Load 5.50%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**Custom Invesco Balanced Risk Allocation Style Index**
Inception	6.17	6.75	5.97	5.97	7.02	-
10 Years	5.62	6.22	5.43	5.43	6.49	7.19
5 Years	2.92	4.09	3.33	3.33	4.36	5.85
3 Years	1.95	3.88	3.11	3.11	4.14	7.39
1 Year	-0.71	5.07	3.34	4.34	5.36	5.40
Quarter	-5.00	0.54	-0.62	0.38	0.62	1.29

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. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y 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

Class Y shares are available only to certain 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.