

# Invesco Balanced-Risk Allocation Fund

## Q1 2026

## Key takeaways

- 1 The fund outperformed its benchmark**  
The fund had a positive return in the first quarter, driven by gains in the real return macro factor.
- 2 Real return assets were the top contributor to results**  
The real return macro factor was the leading performance driver during the quarter, with all four commodity sub-complexes posting gains, led by energy.
- 3 Tactical positioning contributed**  
The adaptive monthly tactical positioning added to relative return. Gains from positioning in commodities outweighed losses from positioning in equities and bonds.

### Investment objective

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

### Fund facts

Fund AUM (\$M)	924.94
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### Portfolio managers

Christopher Devine, John Burrello, Scott Hixon, Scott Wolle

## Manager perspective and outlook

- Global markets entered 2026 with strong momentum but became increasingly unsettled over the course of the first quarter as geopolitical tensions and escalating Middle East conflict drove a rise in energy prices and reignited inflation concerns.
- Higher oil prices complicated the outlook for monetary policy, prompting investors to reassess the timing and magnitude of expected policy easing, which drove up sovereign bond yields across most developed markets. Higher relative yields and heightened risk aversion seemed to put pressure on equities while boosting the US dollar. Commodities benefited from this environment with all four sub-complexes advancing.
- The quarter ultimately saw investors appear to shift from optimism about easing monetary policy and resilient economic growth toward more cautious sentiment shaped by inflation persistence, elevated uncertainty and reduced visibility on the policy path ahead.



## Gross performance attribution (%)

	Quarter	Year to date	Since inception (annualized)
Growth	-0.22	-0.22	2.48
Defensive	-1.62	-1.62	1.26
Real Return	12.00	12.00	1.37
Tactical Positioning	1.93	1.93	0.95
Cash	0.90	0.90	1.45
Total	12.99	12.99	7.51

Returns are gross of fund expenses; net returns will be lower. Cash represents fund collateral used to support derivative positions. Note: Growth represents cap-weighted equity beta and long put options, Defensive represents bonds and equity factor premia, and Real Return represents commodities.

## Performance highlights

The fund had a positive return and outperformed its balanced benchmark for the quarter, driven by gains in the real return macro factor.

**Growth:** Strategic exposure to the growth macro factor detracted from fund results with mixed returns across markets. UK equities rose, benefiting from the energy shock and exposure to value and defensive sectors. Japanese equities rose as sustained yen weakness supported exporters and February election results signaled in our view support for pro-growth policies. Emerging market equities made a contribution, initially benefiting from improved artificial intelligence (AI) sentiment and commodity strength, before reversing amid higher US yields and a stronger dollar. European equities detracted from results amid rising geopolitical risks and energy price shocks. Among US equities, large-caps and small-caps fell. Large-caps lagged small-caps as mega-cap technology stocks suffered from AI spending concerns. Small-caps declined as resilient economic data early in the quarter helped offset effects of higher yields in March. Defensive long put options added to results.

**Defensive:** Strategic exposure to the defensive macro factor detracted from fund results; all six markets declined as higher global commodity prices pushed yields toward multi-year highs. Canadian government bonds detracted as the Bank of Canada kept rates steady and trade

uncertainty appeared to weigh on sentiment. US Treasuries fell amid surging oil prices, sticky inflation and lowered expectations for interest rate cuts. German bunds declined as the European Central Bank signaled possible near-term rate hikes. Australian government bonds detracted as the Reserve Bank of Australia raised rates twice. Japanese government bonds also detracted; the lead-up to February's snap election triggered a selloff and the Bank of Japan signaled near-term rate hikes are still possible. UK gilts detracted as yields climbed near multi-year highs amid persistent inflation. Defensive factor exposure had flat results.

**Real Return:** Strategic exposure to the real return macro factor added to results; all sub-complexes posted gains, led by energy. Energy prices rose due to supply disruptions as the Iran conflict compounded existing supply constraints. Agriculture added to results as soybean oil and sugar benefited from stronger demand as inputs for renewable diesel and ethanol. Within precious metals, gold and silver added to results. Prices initially surged on geopolitics, central bank demand and lower real yields before falling in March amid a stronger dollar and rising rates. Industrial metals benefited from higher aluminum prices amid curtailed Middle East output.

**Tactical positioning:** Gains from commodities positioning outweighed losses from equities and bonds, adding to results.

## Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 06/02/09	NAV	12.62	12.62	20.14	9.12	4.14	5.58	6.17
	Max. Load 5.5%	6.49	6.49	13.54	7.09	2.97	4.98	5.81
Class R6 shares inception: 09/24/12	NAV	12.66	12.66	20.54	9.52	4.51	5.96	4.85
Class Y shares inception: 06/02/09	NAV	12.72	12.72	20.48	9.38	4.40	5.85	6.43
Invesco Balanced-Risk Allocation Fund Custom Style Index		-2.14	-2.14	13.15	11.55	6.44	7.97	-
Total return ranking vs. Morningstar Tactical Allocation category (Class A shares at NAV)		-	-	20% (43 of 235)	57% (121 of 217)	61% (128 of 199)	63% (85 of 143)	-

## Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	10.97	9.78	-7.01	14.66	9.20	9.19	-14.96	5.96	3.19	8.18
Class R6 shares at NAV	11.40	10.14	-6.72	15.12	9.72	9.46	-14.77	6.45	3.61	8.58
Class Y shares at NAV	11.35	9.95	-6.73	14.91	9.50	9.46	-14.82	6.34	3.38	8.48
Invesco Balanced-Risk Allocation Fund Custom Style Index	5.79	14.54	-5.10	19.93	13.72	12.07	-15.72	16.35	11.54	15.70

Expense ratios per the current prospectus: Class A\*\*: Net: 1.41%, Total: 1.46%; Class R6\*\*: Net: 1.05%, Total: 1.10%; Class Y\*\*: Net: 1.16%, Total: 1.21%.

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. 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.

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## Target risk allocation (%)

	Marginal risk*	Risk contribution
Defense	2.81	23.34
Growth	4.80	39.81
Real Return	4.44	36.85
Total (as of 03/31/26)	12.06	100.00

Risk represents ex-ante standard deviation. Ex-ante standard deviation measures the range of total returns and identifies the spread of fluctuations over a defined, forward-looking, period of time. The risk level derived from each underlying asset determines how much the asset will contribute from a dollar-weight standpoint.

Note: The fund rebalances months to better adapt to prevailing market conditions. Growth represents cap-weighted equity beta and long-put options. Defensive represents bonds and equity factor premia. Real return represents commodities.

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## Portfolio positioning

The first quarter of 2026 revealed a complex and shifting market environment, defined less by a single dominant narrative and more by the interaction of geopolitical risk, inflation uncertainty and evolving policy expectations. The repricing of sovereign yields and the strengthening of the US dollar highlighted in our view a scenario in which macroeconomic risks remain influential across asset classes, even as economic activity has been resilient. Equity market leadership continued to broaden beyond the previous concentration in US mega cap stocks, while performance dispersion across regions, sectors and styles increased. At the same time, we believe elevated energy prices, persistent fiscal concerns and scrutiny surrounding the durability of AI-driven investment trends are key investor considerations. In this context, markets continue to reward flexibility and balance, reinforcing the importance of diversified portfolio construction capable of managing multiple, and at times competing, sources of risk.

The fund's positioning for April is largely unchanged from March. The fund remained underweight bonds while the overweight in equities modestly declined and the overweight in commodities increased. Overall, total portfolio risk moved slightly lower.

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\*\* Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least and contractual management fee waivers in effect through at least Aug 31, 2027. See current prospectus for more information.

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to Invesco Balanced-Risk Allocation Fund Custom Style Index.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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.

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 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.

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.

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.

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.

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 share values 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.

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.

The fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

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**Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.**