

Fund Update

June 2024

This marketing communication is for professional investors and qualified clients/ sophisticated investors only. Investors should read the legal documents prior to investing.



The Invesco Balanced-Risk Allocation Fund is managed by the Invesco Global Asset Allocation team. The team manages USD 18.14 b in assets across their investment strategies (as at 30 June 2024).

Fund facts	
Fund name	Invesco Balanced-Risk Allocation Fund
Management team	Invesco Global Asset Allocation team – Atlanta, GA (USA)
Inception date	1 September 2009
Domicile	Luxembourg
Legal structure	A sub-fund of Invesco Funds (Luxembourg SICAV)
Currency	EUR
Fund size	EUR 845.41 m
Share type	Accumulation - Z
Reference Index	50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return) ³
Entry charge	Up to 5.00%
Ongoing charges ¹	(Z) 0.90%
Minimum investment	(Z, Z-EUR) EUR 1,000
ISIN	(Z acc) LU0955861710
Bloomberg	(Z acc) INBAEUA LX

Risk warnings

For complete information on risks, refer to the legal documents.

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested. Debt instruments are exposed to credit risk which is the ability of the borrower to repay the interest and capital on the redemption date. Changes in interest rates will result in fluctuations in the value of the fund. The fund uses derivatives (complex instruments) for investment purposes, which may result in the fund being significantly leveraged and may result in large fluctuations in the value of the fund. Investment in instruments providing exposure to commodities is generally considered to be high risk which may result in large fluctuations in the value of the fund. The Fund may invest in a dynamic way across assets/asset classes, which may result in periodic changes in the risk profile, underperformance and/or higher transaction costs.

Fund objective

The fund aims to achieve a positive total return over a market cycle with a low to moderate correlation to traditional financial market indices. The fund seeks to achieve its objective via exposure primarily to equities, debt and commodities. For the full objectives and investment policy, please consult the current prospectus.

Summary of manager approach

The overall volatility of the fund is managed with the intention of being consistent with a balanced portfolio of equity and debt securities. Over a full market cycle, however, this may not be achieved, and the fund can experience high volatility. The portfolio is built with a focus on economic diversification, balancing risk. The team classifies assets by macro factor (growth, defensive and real return) rather than asset class, resulting in a unique approach to portfolio construction.

Market Background

Global markets continued to push higher in June. However, looking under the hood, growth, disinflation and monetary policy diverged across developed economies. Global growth broadly accelerated but not uniformly - with US momentum beginning to slow. Disinflation data also varied, with some regions experiencing more progress than others. In terms of monetary policy, two G7 central banks cut interest rates in June - the Bank of Canada and the European Central Bank (ECB) - while others continued to hold rates steady. Government bonds rose while commodities declined due to a sell-off in agriculture and metals.

Performance Analysis

The fund underperformed the reference benchmark for the month.

Strategic exposure to the growth macro factor contributed to results, with mixed performance across markets. The equity rally broadened outside of the US, with emerging markets and Japan outpacing US large caps for the month. Emerging equities benefited from an AI-infused rally while Japanese equities managed to deliver gains as a steep drop-off in the yen raised questions about whether policy intervention would be warranted. US large caps continued to advance on the big tech rally. US small caps on the other hand, posted mild losses as they continue to struggle amid the prevailing higher interest rate environment. European and UK equities declined as regional elections raised uncertainty and elevated market volatility. Exposure to defensive put options slightly detracted from performance as markets broadly rose.

Strategic exposure to the defensive macro factor contributed to fund performance, with all six markets posting gains. Central banks diverged in their monetary policy decisions with both the ECB and the Bank of Canada cutting rates in the month while others held rates steady. UK gilts produced gains despite a softening labor market and sticky wage inflation complicating the Bank of England's decision on when to start easing rates. US Treasuries gained as market participants cheered a softer inflation report for May, with core CPI posting its lowest level since 2021. Both German bunds and Canadian government bonds benefited from their central banks reducing rates. The ECB simultaneously increased its inflation forecasts while a late quarter inflation surprise to the upside in Canada suggested this wouldn't be the start of a full-blown easing cycle. Australian government bonds delivered gains while the Reserve Bank of Australia held rates steady amid sticky inflation. Japanese government bonds edged out mild gains with the Bank of Japan taking a dovish pause at its June meeting, after finally initiating a tightening cycle earlier this year. Exposure to defensive factor premia produced minor gains as factors slightly outperformed their base indexes.

Strategic exposure to the real return macro factor detracted from results for the month, with only energy posting gains. Energy was the top contributor due to gains in five of the six underlying exposures, led by refined products including gasoil, heating oil, and gasoline that rallied in tandem with oil. Propelling these gains were higher seasonal demand along with reports that diesel imports to the European Union and the UK have increased to their highest level since the start of the Russian import ban in early 2023. Agriculture was the largest detractor, with only sugar posting gains, benefitting from supply concerns due to dry weather in Brazil. The soy complex, which includes soybeans, soybean oil, and soymeal was collectively the largest detractor within agriculture as early-quarter concerns about weather impact on production have been alleviated for now. Industrial metals detracted with aluminum lagging copper as prices have declined since reaching two-year highs in May due to rising supply. Precious metals declined, with gold remaining in a consolidation price pattern and silver trading as a leveraged play on gold.

Tactical positioning produced flat results. The overweight to equities edged out minor gains amid mixed performance across markets. These minor gains combined with the contribution from positioning within commodities were matched by losses from underweights in all bond markets as each market rose.

¹ Costs may increase or decrease as result of currency and exchange rate fluctuations. Consult the legal documents for further information on costs.

The ongoing charges figure is based on annualised expenses for the period ending August 2023. This figure may vary from year to year. It excludes portfolio transaction costs except in the case of an entry or exit charge paid by the fund when buying or selling shares/units in another fund. The investment concerns the acquisition of units in an actively managed fund and not in a given underlying asset.

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Source: DataStream, Invesco Global Asset Allocation, as at 30 June 2024. The performance data shown does not take account of the commissions and costs incurred on the issue and redemption of units. ² Standard deviation based on monthly returns and a 250 trading day year. As the Fund is actively managed, it is not intended that the performance of the Share Class will track the performance of "50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return)" (the "Benchmark"). ³ Between 30.11.2015 and 01.10.2021, the performance of the Share Class was compared to another benchmark: 60% MSCI World (EUR-hedged) and 40% JP Morgan Global Government Bond Europe. Prior to 30.11.2015, the performance of the Share Class was compared to another benchmark: 60% MSCI World Index (Net Total Return) & 40% JP Morgan GBI Global Europe (Traded) Index (Total Return). The performance shown illustrates solely the current reference index and does not consider the previous reference index.

Performance (Z shares, accumulation, in EUR, net of fees, inception date 1 September 2009)

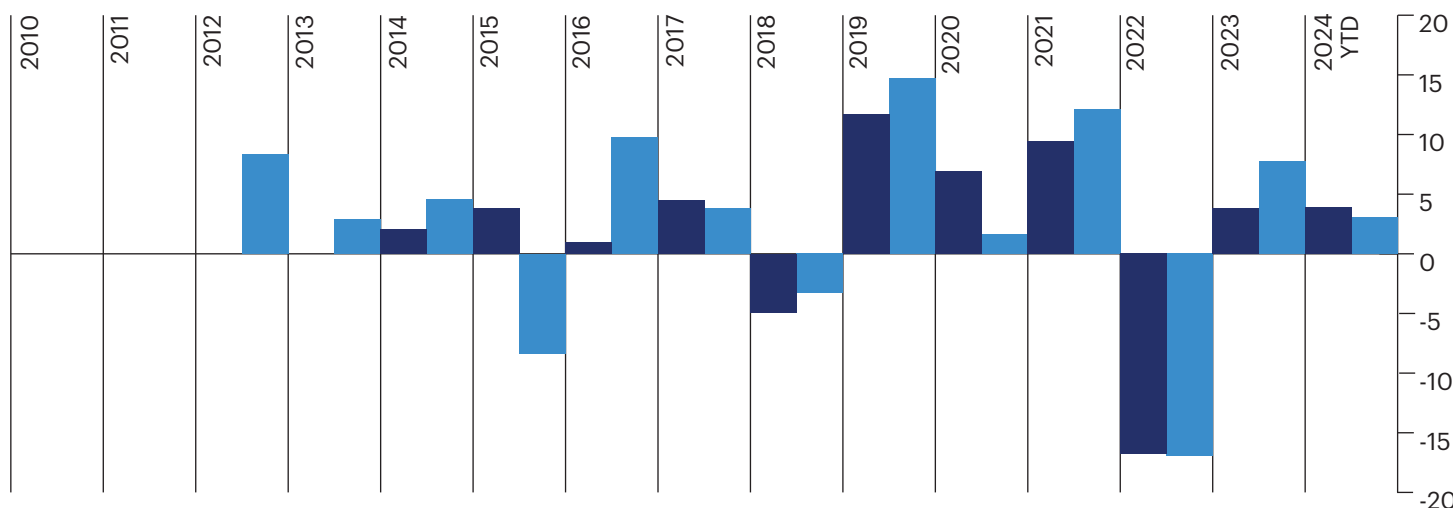
	1 month	3 months	YTQ	YTD	1 year	3 year (Ann.)	5 year (Ann.)	Since Inception (Cum.)	Since Inception (Ann.)	Max Drawdown SI	Std Dev SI ²
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	1.13	0.00	3.93	3.93	7.84	-2.96	1.55	89.80	4.42	-19.12	7.54
50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return) ³	1.89	-0.56	3.05	3.05	7.90	-1.11	1.41	79.82	4.04	-18.58	8.44

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Performance – calendar year (%)

■ Invesco Balanced-Risk Allocation Fund Z Acc

■ 50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return)³



The performance data shown does not take account of the commissions and costs incurred on the issue and redemption of units.

³ Between 30.11.2015 and 01.10.2021, the performance of the Share Class was compared to another benchmark: 60% MSCI World (EUR-hedged) and 40% JP Morgan Global Government Bond Europe. Prior to 30.11.2015, the performance of the Share Class was compared to another benchmark: 60% MSCI World Index (Net Total Return) & 40% JP Morgan GBI Global Europe (Traded) Index (Total Return). The performance shown illustrates solely the current reference index and does not consider the previous reference index.

The benchmark index is shown for performance comparison purposes only. The Fund does not track the index.

Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Rolling 12 - month returns (%)

	30.06.14 30.06.15	30.06.15 30.06.16	30.06.16 30.06.17	30.06.17 30.06.18	30.06.18 30.06.19	30.06.19 30.06.20	30.06.20 30.06.21	30.06.21 30.06.22	30.06.22 30.06.23	30.06.23 30.06.24
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-0.09	4.20	3.07	5.45	0.73	-3.77	22.81	-9.36	-6.51	7.84
50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return) ³	-3.57	2.10	-4.04	11.41	4.18	-6.30	18.37	-5.02	-5.64	7.90

Source: Invesco Global Asset Allocation. Based on monthly gross returns beginning 1 October 2009 (first full month) of the Invesco Balanced-Risk Allocation Fund and shows the attribution to total return by asset class. The tactical attribution is the result of over-/under-weights of the various asset class exposures vs. the strategic allocation. The attribution/contribution figures are estimates and should be used for indicative purposes only. Data cleansing and retrospective information availability may cause changes. Between 01.10.2021 and 30.11.2023, the performance of the Share Class was compared to another benchmark: 50% FTSE German Government Bond 10 Years+ Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return). Between 30.11.2015 and 01.10.2021, the performance of the Share Class was compared to another benchmark: 60% MSCI World (EUR-hedged) and 40% JP Morgan Global Government Bond Europe. Prior to 30.11.2015, the performance of the Share Class was compared to another benchmark: 60% MSCI World Index (Net Total Return) & 40% JP Morgan GBI Global Europe (Traded) Index (Total Return). The performance shown illustrates solely the current reference index and does not consider the previous reference index.

The benchmark index is shown for performance comparison purposes only. The Fund does not track the index.

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Performance attribution (gross % as at 30 June 2024)				
	1 month	3 months	YTD	Since Inception (Ann.)
Growth asset exposure	0.29	-0.08	1.79	2.16
Defensive asset exposure	0.86	-0.75	-1.67	1.48
Real return exposure	-0.30	0.27	0.91	0.39
Tactical positioning	0.04	-0.16	1.44	1.02
Cash	0.30	0.93	1.93	0.46
Total gross performance	1.20	0.22	4.40	5.51

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-	-	-	-	2.08	3.81	0.95	4.49	-4.91	11.66	6.94	9.40	-16.79	3.84	3.93
50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (Net Total Return) & 25% S&P Goldman Sachs Commodity Index EUR-Hedged (Total Return) ³	-	-	8.38	2.91	4.58	-8.35	9.75	3.80	-3.29	14.68	1.64	12.11	-16.96	7.78	3.05

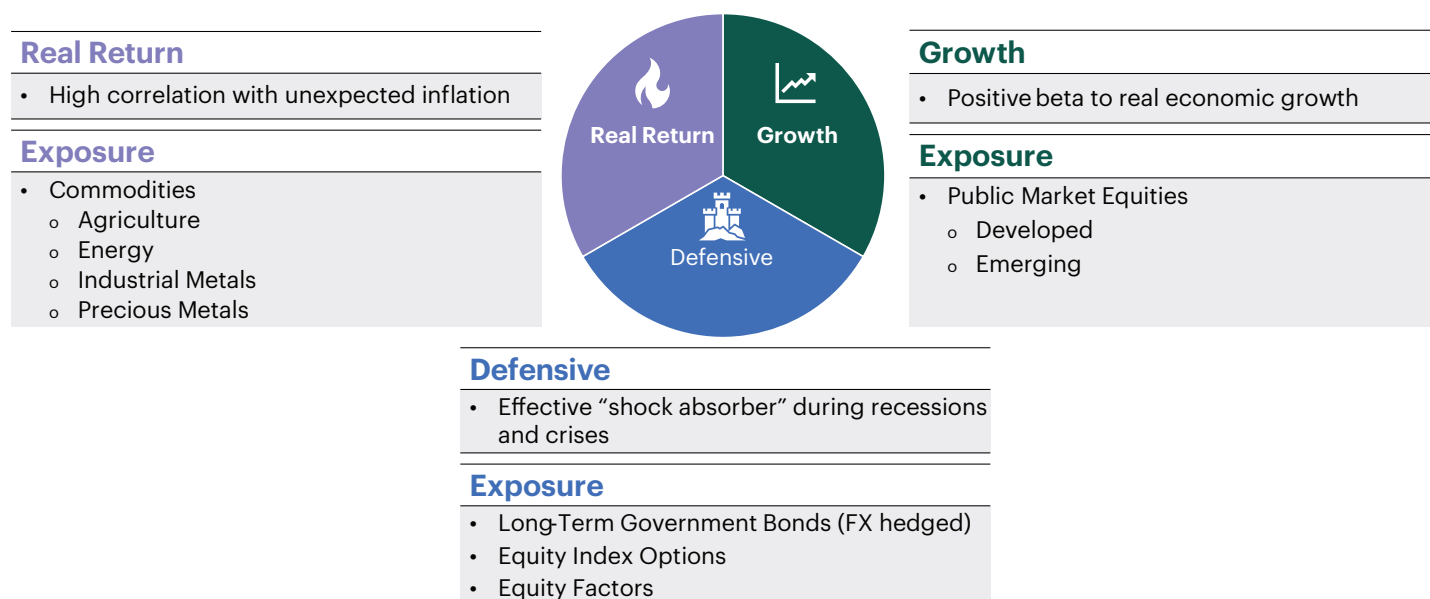
Note: Fund returns: Net, Benchmark returns: Gross.

Market outlook and positioning

Despite widespread expectations of a global economic slowdown in 2024, growth and inflation have continued to perform above expectations across most major economies. Divergence has emerged as a key theme, with individual economies likely to see various growth and inflation experiences going forward. "Higher for longer" and the broadening of strong equity performance to non-US markets have also become major themes that are likely to continue through the year. However, there is still the potential for near-term volatility due to policy uncertainty and geopolitical risks in a year with major elections. We continue to believe in the importance of broad diversification over the long term.

Relative to the strategic risk contribution which balances risk equally across stocks, bonds and commodities, total portfolio risk contribution resulting from the tactical allocation process for July maintains an overweight to equities and commodities and underweight to bonds, which remains at the lowest allowable limit (16.67%). Within equities, tactical overweights to all assets increased from June except for European and UK equities, which only slightly decreased. All bond exposures remain tactically underweight except for UK government bonds, which moved from underweight to neutral. Within commodities, the aggregate overweight decreased slightly with an increased underweight to agriculture, reduced overweight to industrial metals, increased overweight to energy and no change in the underweight to precious metals.

Macro factor diversification framework



Source: Invesco analysis. For illustrative purposes only. Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

Risk allocations and weights (in %) by Macro Factor	Target marginal risk		Target risk contribution		Total notional weights by Asset Class (%)		
	June	July	June	July	June	July	
Growth	3.39	3.64	43.09	44.75	Equities	40.34	43.36
Defensive	1.31	1.36	16.68	16.67	Options	19.15	19.70
Real Return	3.16	3.14	40.23	38.58	Bonds	46.61	48.05
Total	7.86	8.14	100.00	100.00	Commodities	32.26	31.52
					Total	138.36	142.64

As of date: 30 June 2024. Source: Invesco Global Asset Allocation. Target risk, risk contribution and notional asset weights represent positioning for the month ahead.

Growth represents cap-weighted equity beta and long put options

Defensive represents government bonds and equity factor premia

Real Return represents commodities

Equities represent cap-weighted equity beta.

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