Invesco

Invesco Balanced-Risk Allocation Fund

Fund Update

April 2025

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 Strategies team. The team manages USD 15.21 b in assets across their investment strategies (as at 31 March 2025).

Fund facts	
Fund name	Invesco Balanced-Risk Allocation Fund
Management team	Invesco Global Strategies 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 656.89 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) 0.91%
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 so the portfolio has the potential to perform well in various economic environments. 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

April began with President Trump's April 2nd "Liberation Day" tariff announcements, paving the way for a turbulent month as markets grappled with the uncertainty surrounding trade policy and future global economic growth. Equities sold off, and notably, US bond yields surged following the announcement. They stabilized later in the month, however, after a 90-day pause on implementing tariffs was announced. Global bond yields, though volatile, ultimately ended the month lower. The US Dollar continued to weaken throughout the month, further supporting global bonds. Meanwhile, commodities declined as global economic growth concerns and tariff uncertainty weighed on the energy sector.

Performance Analysis

The fund underperformed the reference benchmark for the month.

- **Macro factor: Growth** - Detracted from performance. A weaker USD was the primary driver of performance across markets with Japanese equities being the sole contributor at the market level.
  - \+ **Japanese equities:** Contributed to Fund performance, benefitting from the stronger Yen in the export-dependent region.
  - – **Emerging market equities:** Detracted from Fund performance due to US/China tensions but outperformed developed market equities as a weaker US Dollar softened losses.
  - – **US equities (large cap and small cap):** Both US large and small cap equities detracted from Fund performance as the Q1 GDP print revealed the economy had contracted. US Small Caps were the top detractor at the market level due to heightened growth concerns.
  - – **European equities:** Detracted from performance due to a stronger Euro which compresses profits and tightens financial conditions just as growth begins to slow.
  - – **UK equities:** Detracted from Fund performance driven by declines in the energy sector.
  - \+ **Defensive long put options:** Contributed to performance as markets broadly declined.

\+ **Macro factor: Defensive** – Contributed to performance, led notably by German bunds which are emerging as an alternative safe-haven asset to US Treasuries.
  - \+ **German bunds:** Political stability and a strong Euro boosted German bunds. They were further supported by another interest rate cut during the month.
  - \+ **UK gilts:** Contributed to performance amid data prints showing increasing growth headwinds and cooling inflation, reinforcing expectations of a further easing by the Bank of Egland.
  - \+ **Australian government bonds:** contributed to performance due to rising expectations of monetary policy easing, driven by the escalating trade war between China and the US and Australia's economic exposure to China.
  - \+ **Japanese government bonds:** Contributed to performance, benefitting from the weaker USD.
  - \- **Canadian government bonds:** Detracted from performance following a surprise pause in rate cuts by the Bank of Canada after 7 consecutive cuts, citing tariff uncertainty and challenges in economic forecasting.
  - \- **US Treasuries:** Detracted from performance, as investors began to question the safe-haven status of US Treasuries amid recent political shifts.
  - \+ **Defensive factor exposure:** Contributed to performance as factors outperformed their base indexes.

- **Macro factor: Real return** – detracted from performance as tariff policies sparked fears they would lead to a global economic contraction.
  - \+ **Precious metals:** Contributed to performance with gold reaching another all-time high in April, driven by macroeconomic and geopolitical factors.
  - \+ **Agriculture:** Contributed to performance led by soybean oil, coffee and soybeans.
  - \- **Industrial metals:** Detracted due to declines in both copper and aluminum as market participants attempt to anticipate the tariff rates that the Trump administration may propose for US imports on the metals.
  - \- **Energy:** Detracted due to tariff induced demand fears.

– **Tactical positioning:** Detracted from Fund performance largely driven by an underweight to bonds and overweight to energy commodities.

[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.

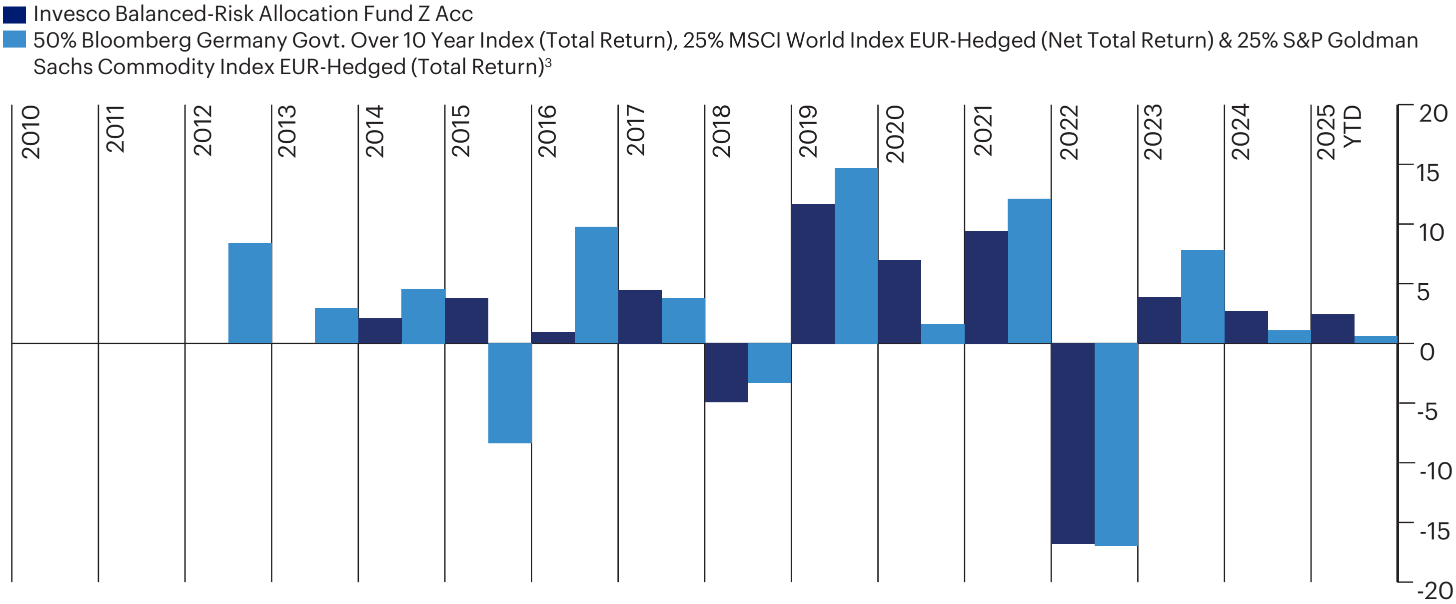
Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.
Source: DataStream, Invesco Global Asset Allocation, as at 30 April 2025. The performance data shown does not take account of the commissions and costs incurred on the issue and redemption 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	-1.41	-2.64	1.43	0.00	-0.30	-2.32	2.87	86.98	4.08	-19.12	7.47
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]	-0.35	-3.90	-2.83	-3.17	1.33	-2.05	3.78	78.74	3.78	-18.58	8.34

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

Performance – calendar year (%)



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.
Performance figures are shown inclusive of reinvested income and net of ongoing charges and portfolio transaction costs.
Past performance does not predict future returns. Returns may increase or decrease as a result of currency fluctuations.

Rolling 12 - month returns (%)

	30.04.15 30.04.16	30.04.16 30.04.17	30.04.17 30.04.18	30.04.18 30.04.19	30.04.19 30.04.20	30.04.20 30.04.21	30.04.21 30.04.22	30.04.22 30.04.23	30.04.23 30.04.24	30.04.24 30.04.25
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-3.44	8.12	4.73	-0.08	-7.02	24.89	-1.04	-11.23	5.30	-0.30
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]	-8.90	3.17	6.39	5.15	-9.74	21.49	5.44	-13.10	6.73	1.33

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.

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

Performance attribution (gross % as at 30 April 2025)	1 month	3 months	YTD	Since Inception (Ann.)
Growth asset exposure	-0.79	-2.57	-1.61	1.93
Defensive asset exposure	1.38	1.48	1.43	1.49
Real return exposure	-1.57	-0.66	0.58	0.31
Tactical positioning	-0.54	-1.25	-0.91	0.84
Cash	0.18	0.57	0.81	0.60
Total gross performance	**-1.34**	**-2.42**	**0.30**	**5.16**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 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	2.70	2.41
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	1.08	0.62

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

Market outlook and positioning

The Trump administration's 90-day pause on most reciprocal tariffs spurred a rebound in global stocks, but the policy uncertainty persists. The administration's current approach to trade is planting the seeds for potentially meaningful shifts in economic and market trends. Surveys and financial markets are already pointing to a deteriorating outlook. Hard economic data, however, will likely take months to reflect the impact of global tariff uncertainty on consumer spending and investments. While US equity-concentrated portfolios were the clear winners in the environment leading up to 2025, we're starting to see cracks in the US exceptionalism narrative. Conversely, European assets seem well positioned to benefit from recent fiscal stimulus despite tariff-induced headwinds. Given the level of uncertainty in the current investment landscape, we continue to emphasize the importance of broad diversification to prepare investors for any outcome.

Positioning for May saw an increased underweight to equities while risk contribution from bonds moved from underweight to the maximum allowable range of 50%. Risk contribution from commodities moved from overweight to underweight. Total portfolio risk increased for May after having dropped meaningfully in April.

Macro factor diversification framework

Real Return

- High correlation with unexpected inflation

Exposure

- Commodities
  - Agriculture
  - Energy
  - Industrial Metals
  - Precious Metals

Growth

- Positive beta to real economic growth

Exposure

- Public Market Equities
  - Developed
  - Emerging

Defensive

- Effective "shock absorber" during recessions and crises

Exposure

- Long-Term Government Bonds (FX hedged)
- Equity Index Options
- Equity Factors

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	
	April	May	April	May
Growth	2.21	1.99	31.39	24.12
Defensive	1.84	4.11	26.08	49.99
Real Return	3.00	2.13	42.54	25.88
Total	**7.05**	**8.23**	**100.00**	**100.00**

As of date: 30 April 2025. 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

Total notional weights by Asset Class (%)	April	May
Equities	33.16	33.21
Options	17.58	17.47
Bonds	49.21	78.03
Commodities	32.29	32.19
Total	**132.24**	**160.91**

Equities represent cap-weighted equity beta.

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