

Fund Update

March 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 16.14 b in assets across their investment strategies (as at 31 January 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 682.99 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. 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.

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

Despite broad global growth in the first quarter, 2025 was off to a bumpy start. With the return of the Trump administration in the US, asset performance was largely driven by uncertainty around geopolitical and economic policies. Disinflation slowed and even stalled in some Western developed economies as the global trend of monetary policy easing decelerated during the quarter. In a reversal from 2024, ex-US equities outperformed US equities as the narrative around US exceptionalism was challenged. Artificial intelligence (AI)-related advances in China disrupted the US tech rally, while aggressive government spending cuts and fears of tariff wars raised inflation expectations and lowered growth expectations. A weaker US dollar further supported ex-US equities. Government bond yields generally rose, except in the US and Canada. Commodities ended the first quarter with their highest quarterly gain since the first quarter of 2022 (as measured by the Bloomberg Commodity Index).

Performance Analysis

The fund outperformed the reference benchmark for the quarter.

- **Macro factor: Growth** - Detracted from performance. In a reversal from the previous quarter, ex-US equities outperformed US equities.
- + **European equities**: Contributed to Fund performance as dispersion between European and US equities widened. Europe's growth outlook continued to improve following the incoming German chancellor's announcement of a fiscal spending plan to boost defense capabilities.
- + **UK equities**: Contributed to performance as investors rotated away from richly valued US technology stocks.
- + **Emerging market equities**: Contributed to performance driven by a Chinese equity rally from February through mid-March. The rally was fueled by government stimulus measures and optimism surrounding Chinese tech prospects, particularly following the release of the DeepSeek AI model in January.
- **US equities (large cap and small cap)**: Both US large and small caps detracted from Fund performance in a retreat from US exceptionalism. The US tech rally came to a halt with the release of DeepSeek, while softer economic data and uncertainty around the impact of tariffs dampened the growth outlook.
- **Japanese equities**: Detracted from Fund performance as yen appreciation weighed on the export-dependent region.
- **Defensive put options**: Exposure to defensive put options detracted from Fund performance as performance across markets was mixed.
- **Macro factor: Defensive** - Detracted from performance with mixed performance across markets.
- + **US Treasuries**: Contributed to Fund performance as yields moved lower amid uncertainty around the Trump administration's policy agenda and the growth outlook weighed on investor sentiment.
- + **Canadian government bonds**: Contributed to performance. The Bank of Canada delivered two rate cuts during the quarter while pending US tariffs continued to pose a risk to the Canadian economy.
- **Australian government bonds**: Slightly detracted from performance as the Reserve Bank of Australia finally initiated its first rate cut since 2020 in February but with a cautious outlook for further cuts at its next meeting in April.
- **UK gilts**: Detracted from performance as the Bank of England cut its policy rate another 25 basis points in February but held rates steady in March while indicating that easing would continue at a gradual pace.
- **Japanese government bonds**: Detracted from performance. The Bank of Japan continued its policy normalization, raised rates in January and signaled potential future hikes amid strong economic data despite holding rates steady in March.
- **German bonds**: Detracted from performance due to increased spending plans announced by the incoming German chancellor, which sent yields soaring.
- **Defensive factor exposure**: Contributed to performance as factors outperformed their base indexes.
- + **Macro factor: Real return** - Sole contributor at the macro factor level with all four sub-complexes contributing to performance.
- + **Precious metals**: Contributed to performance with gold reaching another all-time high in March due to rising investor demand for safer real assets amid the uncertainty.
- + **Energy**: Contributed to performance driven by natural gas as cold weather boosted demand.
- + **Industrial metals**: Contributed to performance mostly due to the large contribution from soaring copper prices.
- + **Agriculture**: Contributed to performance due to contributions from coffee, soybean oil and sugar that offset losses in grain, including corn, wheat and soybeans.
- **Tactical positioning**: Detracted from Fund performance largely driven by an overweight to Japanese and US equities and underweights to US Treasury bonds and natural gas.

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 31 March 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.

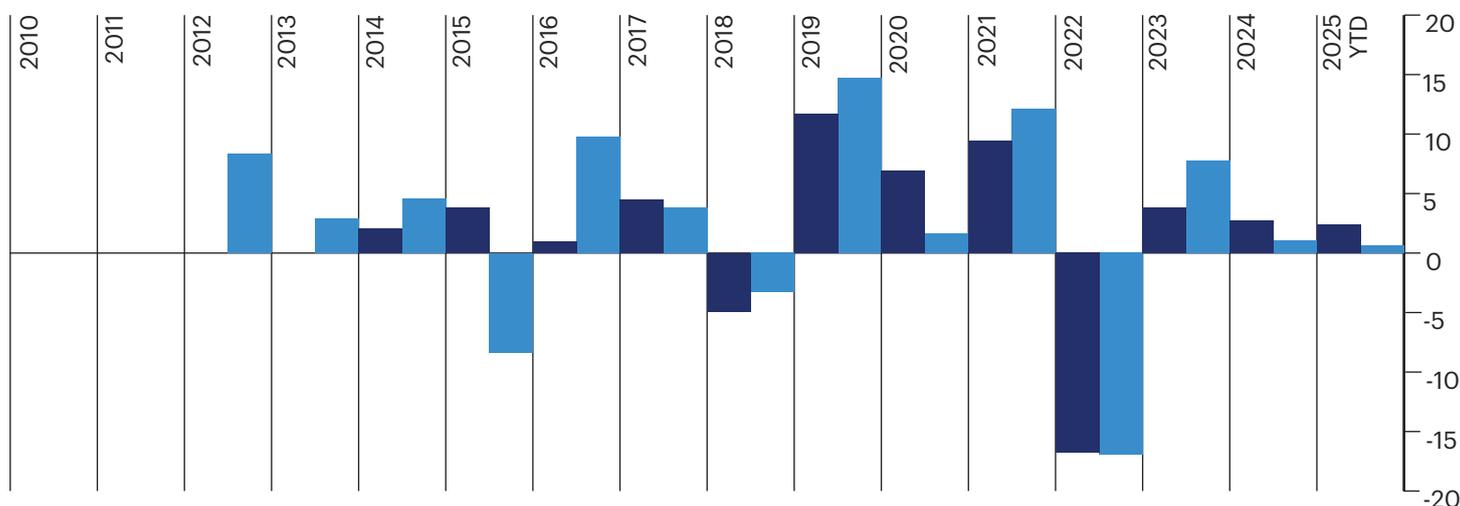
Performance (Z shares, accumulation, in EUR, net of fees, inception date 1 September 2009)

	1 month	3 months	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	-0.96	1.43	1.43	-0.07	-3.26	3.69	89.66	4.19	-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	-3.42	-2.83	-2.83	-0.81	-3.29	4.23	79.37	3.82	-18.58	8.36

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.

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 (%)

	31.03.15 31.03.16	31.03.16 31.03.17	31.03.17 31.03.18	31.03.18 31.03.19	31.03.19 31.03.20	31.03.20 31.03.21	31.03.21 31.03.22	31.03.22 31.03.23	31.03.23 31.03.24	31.03.24 31.03.25
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-5.66	10.59	3.56	0.90	-8.84	23.31	7.36	-14.99	6.56	-0.07
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	-9.16	4.87	5.03	5.42	-10.57	21.10	12.30	-16.58	9.32	-0.81

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 31 March 2025)				
	1 month	3 months	YTD	Since Inception (Ann.)
Growth asset exposure	-1.24	-0.82	0.82	1.99
Defensive asset exposure	-0.60	0.04	0.04	1.41
Real return exposure	1.01	2.18	2.18	0.42
Tactical positioning	-0.25	-0.37	-0.37	0.88
Cash	0.21	0.63	0.63	0.59
Total gross performance	-0.88	1.66	1.66	5.28

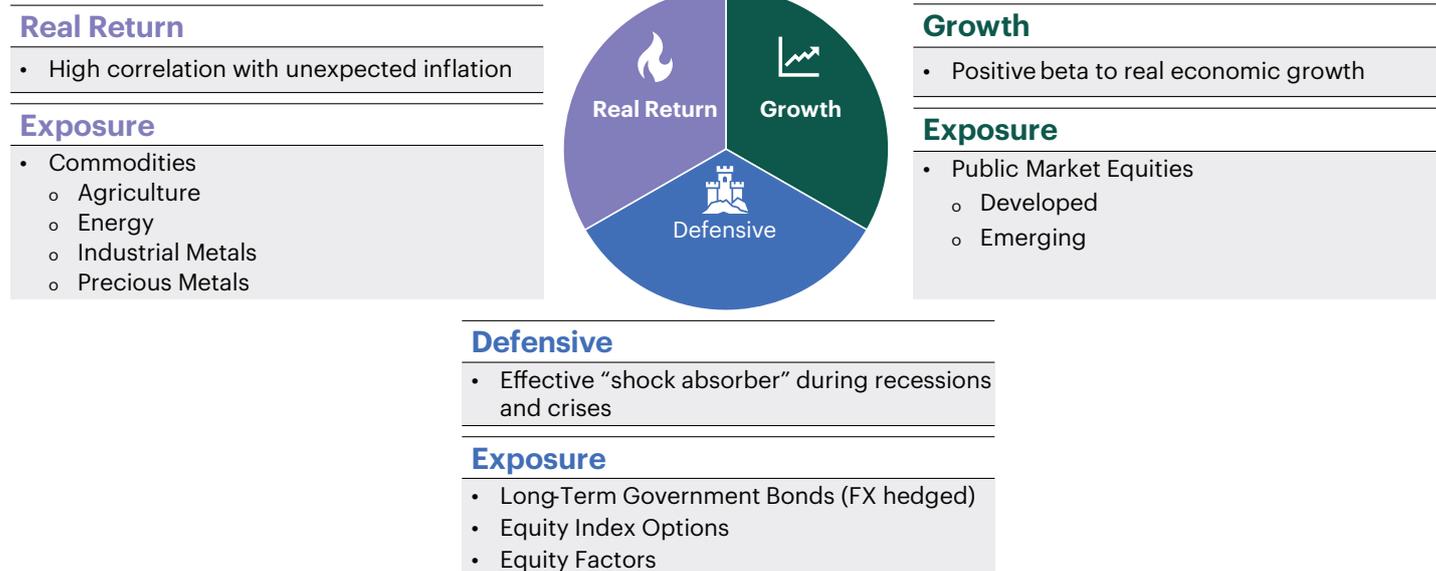
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-	-	-	-	2.08	3.81	0.95	4.49	-4.91	11.66	6.94	9.40	-16.79	3.84	2.70	2.41
50% Bloomberg Germany Govt. Over 10 Year Index (Total Return), 25% MSCI World Index EUR-Hedged (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

We enter the second quarter with continued volatility, which is likely to persist as markets react to geopolitical and economic policy uncertainties, especially tariffs. Recession and stagflation risks increased meaningfully in the first quarter, especially in the United States. Conversely, European assets seem well positioned to benefit from recent fiscal stimulus despite tariff-induced headwinds. While US equity-concentrated portfolios were the clear winners in the environment leading up to 2025, the first quarter exposed emerging cracks in the US exceptionalism narrative. 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 April saw equities move from the maximum allowable risk contribution level of 50% to underweight. Bond risk contribution increased but remains underweight while risk contribution from commodities jumped from underweight to overweight. Total portfolio risk meaningfully dropped from March.

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 (%)		
	March	April	March	April	March	April	
Growth	4.56	2.21	49.78	31.39	Equities	51.69	33.16
Defensive	1.96	1.84	21.42	26.08	Options	18.39	17.58
Real Return	2.64	3.00	28.80	42.54	Bonds	58.01	49.21
Total	9.15	7.05	100.00	100.00	Commodities	31.90	32.29
					Total	159.99	132.24

As of date: 31 March 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

Equities represent cap-weighted equity beta.

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