

## Fund Update

August 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 31 July 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 823.49 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) <sup>3</sup>
Entry charge	Up to 5.00%
Ongoing charges <sup>1</sup>	(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

In August began with a dramatic sell-off across global equity markets following the release of disappointing US economic data and concerns about slowing global economic growth. Markets stabilized by month-end, however, after the US Federal Reserve (Fed) signaled that interest rate cuts were on the horizon. Global bonds rose amid the weaker economic data and continued disinflation. Commodities delivered a marginal gain despite the early month market turmoil.

### Performance Analysis

The fund outperformed the reference benchmark for the month.

Strategic exposure to the growth macro factor slightly contributed to performance due to gains in US large caps and European equities. An interest rate hike by the Bank of Japan that became effective August 1 weighed on the region's equities while higher interest rates in the US continued to put pressure on US small caps. European equities were the top contributor within the growth macro factor, having benefited from a strong French service sector that was boosted by the Paris Olympics. US large caps also contributed to results as healthy earnings growth continued to broaden beyond the technology sector. The contribution from emerging market and UK equities was slightly positive. Performance from exposure to defensive put options was slightly negative as market performance was mixed.

Strategic exposure to the defensive macro factor was the top contributor to fund performance at the macro factor level, with five of the six markets in which the fund invests posting gains. Japanese government bonds were the top contributor within the defensive macro factor after a rate hike early in the month and a higher-than-expected inflation print brought into question whether the Bank of Japan would continue to normalize rates at its September meeting. US Treasury bonds, Canadian government bonds and German bunds all rose on optimism that their respective central banks would cut rates in their September meetings. On the other hand, the Reserve Bank of Australia remains on hold and relatively hawkish given sticky inflation, but government bonds still delivered gains for the month. The UK posted flat performance as the Bank of England initiated its first rate cut during the month, but mixed economic indicators made the timing of any further cuts uncertain. Exposure to defensive factor premia produced gains as factors outperformed their base indexes.

Strategic exposure to the real return macro factor contributed to results for the month. Strategic industrial metals were the largest contributor, with aluminum accounting for all the gains as it bounced back from a cumulative 16% decline in June and July. Strategic precious metals provided gains as gold advanced while silver declined slightly. Signs of slowing growth in the US led to increased confidence of a September interest rate cut by the Fed with further support provided by 3% decline in the US Dollar Index. Strategic agricultural commodities provided a small gain due to favorable results in coffee, sugar and cotton, while the soy complex declined. Strategic energy was the largest detractor as all six underlying exposures declined during the month. Signs of economic slowdown and the announcement of output cuts by the Organization of the Petroleum Exporting Countries (OPEC) starting in October have weighed on oil prices.

Tactical positioning slightly contributed to fund performance primarily due to positioning within agriculture that helped offset losses from an overweight to Japanese equities.

<sup>1</sup> 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 August 2024. The performance data shown does not take account of the commissions and costs incurred on the issue and redemption of units. <sup>2</sup> 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”). <sup>3</sup> 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.

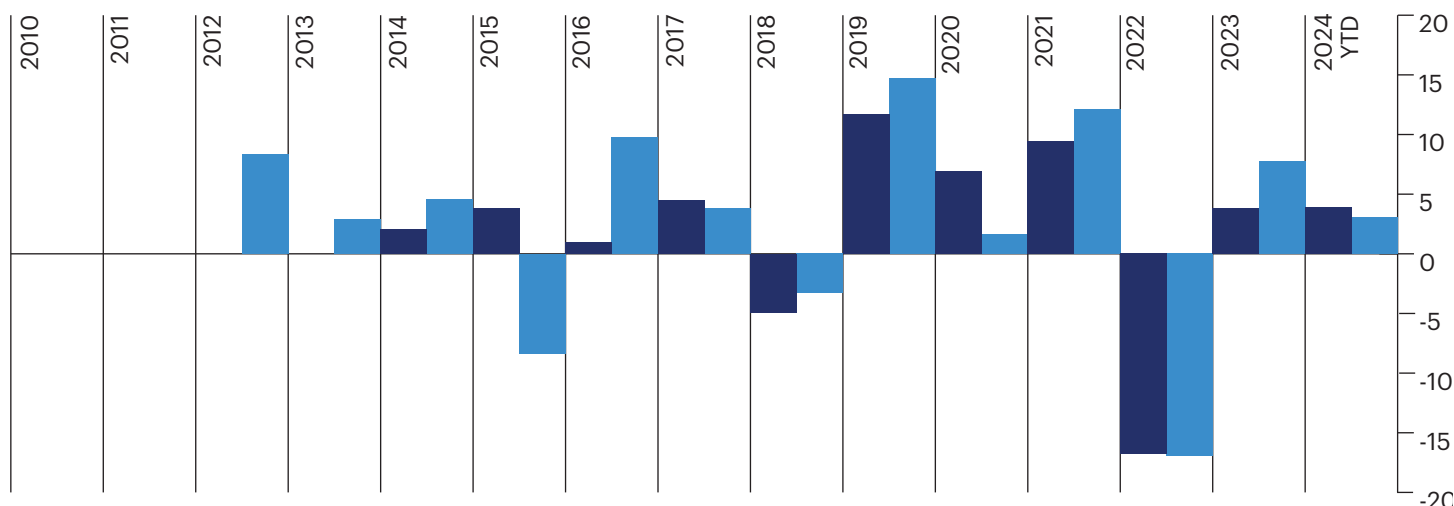
**Performance (Z shares, accumulation, in EUR, net of fees, inception date 1 September 2009)**

	1 month	3 months	YTD	YTD	1 year	3 year (Ann.)	5 year (Ann.)	Since Inception (Cum.)	Since Inception (Ann.)	Max Drawdown SI	Std Dev SI <sup>2</sup>
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	1.71	2.48	3.93	5.32	6.89	-3.20	1.76	92.33	4.46	-19.12	7.51
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) <sup>3</sup>	0.02	2.79	3.05	3.96	6.79	-1.67	1.18	81.42	4.05	-18.58	8.40

**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)<sup>3</sup>



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

<sup>3</sup> 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 (%)**

	31.08.14 31.08.15	31.08.15 31.08.16	31.08.16 31.08.17	31.08.17 31.08.18	31.08.18 31.08.19	31.08.19 31.08.20	31.08.20 31.08.21	31.08.21 31.08.22	31.08.22 31.08.23	31.08.23 31.08.24
Invesco Balanced-Risk Allocation Fund Z-Acc Shares	-4.60	10.22	3.35	1.91	2.04	1.36	18.68	-11.55	-4.05	6.89
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) <sup>3</sup>	-9.07	4.45	-0.29	9.38	5.76	-4.70	17.04	-7.22	-4.05	6.79

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 August 2024)				
	1 month	3 months	YTD	Since Inception (Ann.)
Growth asset exposure	0.10	0.97	2.49	2.18
Defensive asset exposure	1.10	2.80	0.28	1.59
Real return exposure	0.23	-1.92	-0.73	0.27
Tactical positioning	0.07	-0.06	1.35	1.00
Cash	0.30	0.91	2.56	0.50
<b>Total gross performance</b>	<b>1.79</b>	<b>2.71</b>	<b>5.95</b>	<b>5.55</b>

	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	5.32
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) <sup>3</sup>	-	-	8.38	2.91	4.58	-8.35	9.75	3.80	-3.29	14.68	1.64	12.11	-16.96	7.78	3.96

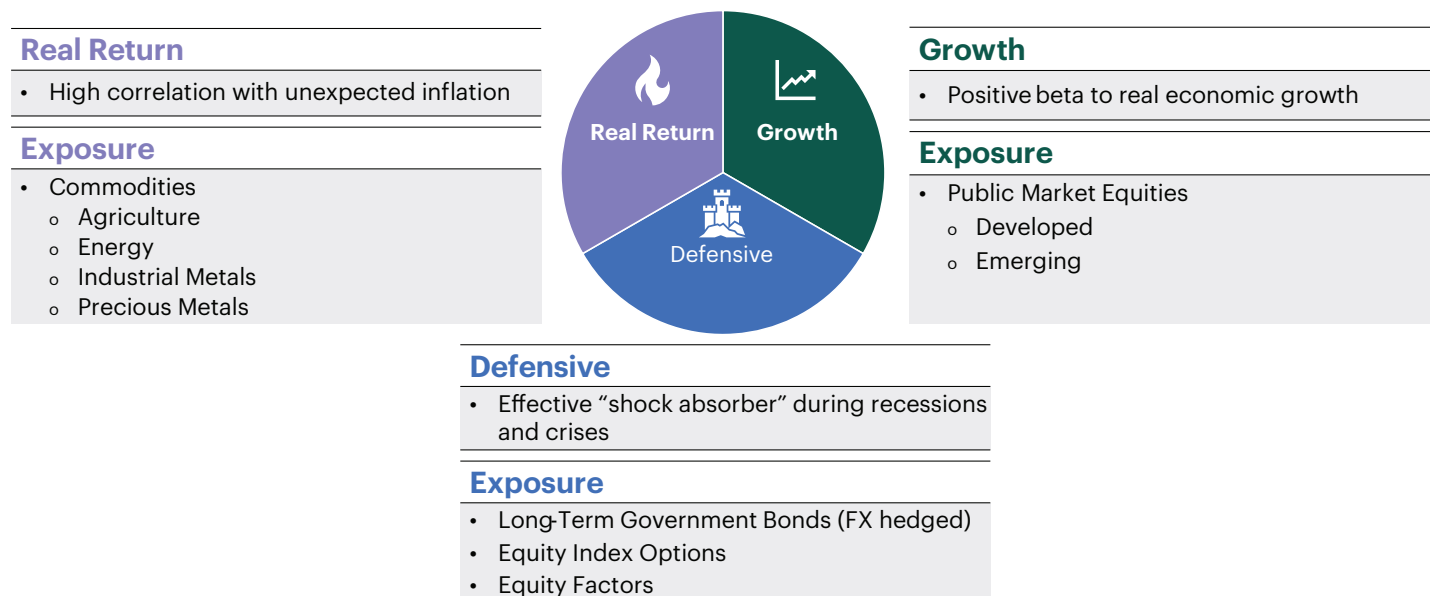
Note: Fund returns: Net, Benchmark returns: Gross.

### Market outlook and positioning

All eyes are on the Fed in anticipation of interest rate cuts beginning at its September meeting. Except for the Bank of Japan, most other major central banks have also taken a dovish tone. However, the potential for near-term volatility persists as geopolitical risks remain heightened in a year with many major elections around the world. We continue to believe in the importance of broad diversification over the long term.

Total portfolio risk contribution relative to the strategic risk balanced allocation for September maintains an overweight to equities and moved bonds from an underweight to slightly overweight. The underweight to commodities increased. Tactical overweights to all equity assets increased month-over-month except in Japan and the UK. Within bonds, the overweight to Australian government bonds increased, and Japanese and US bonds moved from underweight to overweight. Within commodities, aggregate underweights to agriculture, industrial metals and precious metals decreased while positioning within energy moved from overweight to underweight.

### 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 (%)		
	August	September	August	September	August	September	
Growth	3.96	3.89	43.58	40.61	Equities	48.37	49.48
Defensive	2.62	3.34	28.81	34.82	Options	20.03	20.36
Real Return	2.51	2.35	27.61	24.56	Bonds	66.55	75.54
<b>Total</b>	<b>9.09</b>	<b>9.59</b>	<b>100.00</b>	<b>100.00</b>	Commodities	30.60	31.34
					<b>Total</b>	<b>165.55</b>	<b>176.73</b>

As of date: 31 August 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.

## Important information

**This marketing communication is exclusively for use by professional investors in Continental Europe as defined below, Qualified Clients/Sophisticated Investors in Israel and Professional Clients in Dubai, Jersey, Guernsey, Ireland, Isle of Man and the UK. This communication may also be used by financial intermediaries in the United States as defined below. It is not intended for and should not be distributed to the public.**

For the distribution of this communication, Continental Europe is defined as Austria, Belgium, Finland, France, Germany, Greece, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland

Data as at 31.08.2024, unless otherwise stated. By accepting this material, you consent to communicate with us in English, unless you inform us otherwise. This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. Views and opinions are based on current market conditions and are subject to change. For information on our funds and the relevant risks, refer to the Key Information Documents/Key Investor Information Documents (local languages) and Prospectus (English, French, German, Spanish, Italian), and the financial reports, available from [www.invesco.eu](http://www.invesco.eu). A summary of investor rights is available in English from [www.invescomanagementcompany.lu](http://www.invescomanagementcompany.lu). The management company may terminate marketing arrangements. Not all share classes of this fund may be available for public sale in all jurisdictions and not all share classes are the same nor do they necessarily suit every investor.

**Issued by Invesco Management S.A., President Building, 37A Avenue JF Kennedy, L-1855 Luxembourg, regulated by the Commission de Surveillance du Secteur Financier, Luxembourg.**

**Dubai:** Invesco Asset Management Limited, Index Tower Level 6 - Unit 616, P.O. Box 506599, Al Mustaqbal Street, DIFC, Dubai, United Arab Emirates. Regulated by the Dubai Financial Services Authority. **Guernsey:** The fund can only be promoted to Professional Clients. **Israel:** Issued by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority. No action has been taken or will be taken in Israel that would permit a public offering of the Fund or distribution of this document to the public. This Fund has not been approved by the Israel Securities Authority (the ISA). The Fund shall only be sold in Israel to an investor of the type listed in the First Schedule to the Israeli Securities Law, 1968, who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto and further that the Fund is being purchased for its own account and not for the purpose of re-sale or distribution, other than, in the case of an offeree which is an Sophisticated Investor, where such offeree is purchasing product for another party which is an Sophisticated Investor. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 1995 ("the Investment Advice Law"). Neither Invesco Ltd. nor its subsidiaries are licensed under the Investment Advice Law, nor does it carry the insurance as required of a licensee thereunder. This document does not constitute an offer to sell or solicitation of an offer to buy any securities or fund units other than the fund offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person to whom it is unlawful to make such offer or solicitation. **Switzerland:** Issued by Invesco Asset Management (Schweiz) AG, Talacker 34, CH-8001 Zurich, who acts as representative for the funds distributed in **Switzerland**. Paying agent in Switzerland: BNP PARIBAS, Paris, Zurich Branch, Selnaustrasse 16 8002 Zürich. The Prospectus, Key Information Document, and financial reports may be obtained free of charge from the Representative. The funds are domiciled in Luxembourg. **Liechtenstein:** Paying agent in Liechtenstein is LGT Bank AG, Herrengasse 12, FL-9490 Vaduz, Principality of Liechtenstein. **Jersey:** Consent under the Control of Borrowing (Jersey) Order 1958 (the "COBO Order") has not been obtained for the circulation of this communication. The offer that is the subject of this communication may only be made in Jersey where it is valid in the United Kingdom. **Portugal:** The issuer is authorised to provide financial services in Portugal and is regulated by the Commission de Surveillance du Secteur Financier, Luxembourg. **Additional information for financial intermediaries in the United States:** This document is intended for distribution to US financial intermediaries for informational purposes and in relation to their activities with offshore clients only. The Funds are not registered under any US securities law, and may not be offered or sold directly or indirectly in the US, its territories or possessions, nor to any US persons, citizens or residents. The Fund must not be marketed on US soil. Issued in the US by Invesco Distributors, Inc., 11 Greenway Plaza, Suite 1000, Houston, Texas 77046, USA. Invesco Distributors, Inc. is the appointed US sub-distributor of the Invesco Funds SICAV. All entities are indirect, wholly owned subsidiaries of Invesco Ltd..