Invesco

QUARTERLY REVIEW

A: OPSIX | R6: OSIIX | Y: OSIYX

Invesco Global Strategic Income Fund

Q4 2024

Key takeaways

1 **The fund outperformed for the quarter**
The fund outperformed its benchmark for the quarter. The fund's credit and foreign currency exposures added to relative return, while interest rate positioning detracted from relative return.

2 **Opportunity to benefit from high income**
Income levels in global fixed income markets are attractive, in our view, particularly in emerging markets where nominal and real interest rates have remained elevated and inflation has generally continued to fall.

3 **Macroeconomic conditions aligning for global fixed income**
Improving global growth differentials and normalizing financial conditions across the world benefit global fixed income. We believe economic and policy divergences across regions and countries create exciting opportunities for active managers.

Investment objective
The fund seeks total return.

Fund facts

Fund AUM ($M)	1,518.82

Portfolio managers
Hemant Baijal, Christopher Kelly, Kristina Campmany, Michael Block, Wim Vandenhoeck

Manager perspective and outlook

- Global economic and monetary policies diverged in the fourth quarter of 2024. Given the spate of election outcomes that resulted in new administrations over the past year, the prospects for further divergence are accelerating, in our view.
- The US Federal Reserve ("Fed") continued easing, cutting the federal funds rate by 0.25% twice in the fourth quarter. Due to stronger-than-expected growth and higher-than-expected inflation, the Fed signaled less aggressive easing of financial conditions in 2025.
- President Trump's victory ended election uncertainty, but expectations for tariff and immigration policies have raised uncertainty about economic and market outlooks.
- The US dollar hit a two-year high on the prospect of fewer rate cuts in 2025.
- In developed markets, central banks largely continued rate cuts albeit slowing the pace. Japan kept rates steady but signaled the economy is on track for a moderate recovery given the tighter labor market and higher wages.
- Emerging market central banks continued their easing cycles in the fourth quarter, proceeding cautiously. Brazil was an outlier, hiking rates and signaling further tightening if inflation continues.
- Going forward, we expect economic and policy divergences across regions and countries to persist in 2025. Individual country dynamics in our view offer compelling total return opportunities for active managers such as ourselves.

Portfolio characteristics*

Effective duration (years)	4.85
Weighted avg. effective maturity (years)	6.79
30-day SEC yield (Class A shares)	5.25
30-day SEC unsubsidized yield (Class A shares)	5.23

Quality breakdown (% total)

AAA	0.8
AA	10.1
A	5.7
BBB	26.2
BB	26.5
B	9.4
CCC and below	1.8
Not rated	5.1
Cash and Cash equivalent	7.9
Derivatives & FX	6.3

Investment categories (% total)

Securitized	**20.0**
MBS	19.0
ABS	0.1
CMBS	0.9
Emerging Market Debt	**25.9**
Emerging Market Sovereign Bonds	18.6
Emerging Market Corporate Bonds	7.3
US Debt	**23.2**
US Investment Grade Bonds	11.8
US High Yield Bonds	9.0
US Loans	2.4
Non-US Debt	**13.1**
Non-US High Yield Bonds	5.7
Non-US Investment Grade Bonds	6.0
Non-US Sovereign Bonds	1.4
Cash & Cash Equivalent	**7.9**
Derivatives & FX	**6.3**
Other	**3.6**

Portfolio positioning

During the quarter, we reduced the fund’s foreign currency exposure, primarily by decreasing exposure to emerging market currencies, because we believe currency is the asset class most sensitive to initial policies of the incoming US administration. We increased duration exposure, primarily by adding to developed markets duration. Credit exposure also increased, mainly due to an increase in high-yield corporates.

The Fed reduced interest rates during the quarter, making two 0.25% cuts. Sticky inflation and resilient growth drove the Fed to a more hawkish stance in December, scaling back the cuts forecast for 2025. We believe US growth will continue in the first half of 2025 as we expect reduced regulation and tax cuts from the incoming administration, with momentum potentially slowing in the second half. Policy shifts under the new administration will likely create short-term volatility in global markets, but the fund may benefit from greater dispersion in returns across countries and regions. This will likely depend on the Fed’s reaction to various US policies and counter responses by US trading partners. While tariffs could affect the US dollar initially, we see greater differentiation occurring across currencies as countries enact domestic policies.

Most developed markets eased rates through 2024. In the fourth quarter, the Bank of England, Bank of Canada, European Central Bank and central banks across New Zealand, Switzerland and Sweden lowered rates. Many emerging market central banks continued their easing cycles. Turkey, South Korea and Thailand initiated cutting cycles. In Latin America, Mexico, Colombia and Chile extended their monetary easing. Brazil’s central bank raised rates and alluded to further tightening if inflation and inflation expectations continue to increase. China again pushed for its five-year $1.4 trillion local debt package, which may be an initial boost to growth prospects, but in our view, is not enough to sustain the economy long term. We expect more divergence in monetary policy as developed and emerging markets reduce rates at various speeds or even hike in the case of Japan and Brazil.

We believe differences in growth, inflation and monetary policies across regions and countries will likely broaden in 2025, and less restrictive stances from central banks support a favorable outlook for global fixed income. In our view, these divergences, given individual country dynamics, offer compelling total return potential for sophisticated active managers like us.

Top/bottom rates relative returns

	bps
United States	55
Japan	14
Egypt	9
Mexico	-27
Australia	-30
Brazil	-37

Top/bottom FX rates relative returns

	bps
EUR	142
CNH	54
GBP	37
ARS	-19
BRL	-37
ZAR	-39

Top/bottom credit relative returns

	bps
United States	51
European Union	13
Mexico	8
Austria	-1
Australia	-1
Germany	-1

Performance highlights

The fund's Class A shares at net asset value (NAV) outperformed its benchmark for the quarter. The fund's credit and foreign currency exposures added to relative return, while interest rate positioning detracted from relative return. The top contributors to relative return were interest rate positioning in the United States, and positioning in the Euro and Chinese Renminbi. The largest detractors were positioning in the South African Rand and the Brazilian Real, along with interest rate positioning in Brazil.

Contributors to performance

- Positioning in the Euro
- Interest rate positioning in the United States
- Positioning in the Chinese Renminbi

Detractors from performance

- Positioning in the South African Rand
- Interest rate positioning in Brazil
- Positioning in the Brazilian Real

Standardized performance (%) as of December 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 10/16/89	NAV	-2.42	3.28	3.28	-0.34	-0.18	1.43	5.73
	Max. Load 4.25%	-6.51	-1.12	-1.12	-1.78	-1.05	0.99	5.60
Class R6 shares inception: 01/27/12	NAV	-2.35	3.63	3.63	0.09	0.22	1.81	2.41
Class Y shares inception: 01/26/98	NAV	-2.36	3.86	3.86	-0.01	0.07	1.67	4.46
Bloomberg Global Aggregate Index		-5.10	-1.69	-1.69	-4.52	-1.96	0.15	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	22% (30 of 165)	27% (40 of 164)	35% (42 of 152)	19% (23 of 126)	-

Expense ratios per the current prospectus: Class A**: Net: 1.05%, Total: 1.05%; Class R6**: Net: 0.70%, Total: 0.70%; Class Y**: Net: 0.81%, Total: 0.81%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-2.35	6.36	6.22	-4.69	10.58	3.51	-3.24	-11.79	8.65	3.28
Class R6 shares at NAV	-2.20	7.11	6.66	-4.36	10.72	3.88	-2.91	-11.27	9.04	3.63
Class Y shares at NAV	-2.11	6.62	6.47	-4.46	10.84	3.76	-3.28	-11.62	8.93	3.86
Bloomberg Global Aggregate Index	-3.15	2.09	7.39	-1.20	6.84	9.20	-4.71	-16.25	5.72	-1.69

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

Unless otherwise specified, all information is as of 12/31/24. Unless stated otherwise, Index refers to Bloomberg Global Aggregate Index.

The Bloomberg Barclays Global Aggregate Index is an unmanaged index considered representative of global investment-grade, fixed-income markets. An investment cannot be made directly in an index.

About risk

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.

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. Developing markets may especially be volatile.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

Junk bonds have greater risk of default or price changes due to changes in the issuer's credit quality. Junk bond values fluctuate more than high quality bonds and can decline significantly over a short time.

Most senior loans are made to corporations with below investment-grade credit ratings and are subject to significant credit, valuation, and liquidity risk. The value of the collateral securing a loan may not be sufficient to cover the amount owed, may be found invalid or may be used to pay other outstanding obligations of the borrower under applicable law. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

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.
Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; https://ratings.moodys.io/ratings and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.

*** 30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Weighted average maturity** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Morningstar

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.