

Invesco Global Strategic Income Fund

Q1 2024

Key takeaways

- 1 The fund outperformed for the quarter**

The fund outperformed its benchmark for the quarter. The fund's foreign currency exposure added to relative return, while interest rate and credit exposure detracted.
- 2 Opportunity to benefit from 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 disinflation has generally continued.
- 3 Macroeconomic conditions appear to be aligning for global fixed income**

Improving global growth and loosening financial conditions potentially make way for improved macroeconomic conditions for global fixed income markets, and individual country dynamics offer in our view compelling total return opportunities.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM (\$M)	1,593.56
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Portfolio managers

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

Manager perspective and outlook

- The first quarter of 2024 saw continuation of 2023's global economic resilience. While US growth has stood out, emerging markets have also in our view shown remarkable resilience, despite individual emerging countries having interest rates above their respective neutral levels and China's economic wobbles.
- The US Federal Reserve (Fed), the European Central Bank and the Bank of England kept policy rates unchanged for the quarter, while noting progress on disinflation and signaling varying levels of confidence regarding easier monetary policy.
- In contrast, the Bank of Japan raised its policy rate for the first time in 17 years and ceased yield curve control, ending the era of negative interest rates.
- In emerging markets, disinflation generally continued; central banks in Latin America and Central and Eastern Europe continued to lower rates while maintaining a restrictive monetary stance. Asian central banks largely remained on hold.
- The US dollar was rangebound for the quarter, ending 3.1% higher as markets await more clarity on the Fed's path for reducing interest rates.
- The Fed remains the key driver for markets, and we believe the start of US interest rate cuts will be the primary catalyst for unlocking further performance, particularly in emerging markets.
- Meanwhile, global fixed income is attractive, in our view, and individual country dynamics offer compelling total return opportunities.



Portfolio characteristics*

Effective duration (years)	3.89
Weighted avg. effective maturity (years)	6.79
30-day SEC yield (Class A shares)	4.71
30-day SEC unsubsidized yield (Class A shares)	N/A

Quality breakdown (% total)

AAA	0.7
AA	9.1
A	8.6
BBB	30.5
BB	28.4
B	5.5
CCC and below	1.1
Not rated	7.3
Cash and Cash equivalent	5.2
Derivatives	3.7

Investment categories (% total)

Emerging Market Debt	26.8
Emerging Market Sovereign Bonds	22.6
Emerging Market Corporate Bonds	4.3
Non-US Debt	20.4
Non-US Investment Grade Bonds	8.7
Non-US High Yield Bonds	7.2
Non-US Sovereign Bonds	4.4
Corporate Bonds	19.5
US Investment Grade Bonds	10.8
US High Yield Bonds	8.0
US Loans	0.7
Securitized	18.2
MBS	13.1
ABS	4.1
CMBS	1.0
Cash & Cash Equivalent	5.2
Derivatives & FX	3.7
Others	6.2

Portfolio positioning

During the quarter, we increased the fund's foreign currency exposure, increasing its allocation to the South African Rand, while decreasing exposure to the Brazilian Real and Thai Bhat. We increased duration exposure, primarily by reducing the underweight in developed markets. We increased credit exposure, primarily by increasing exposure to Agency mortgages and investment grade corporates.

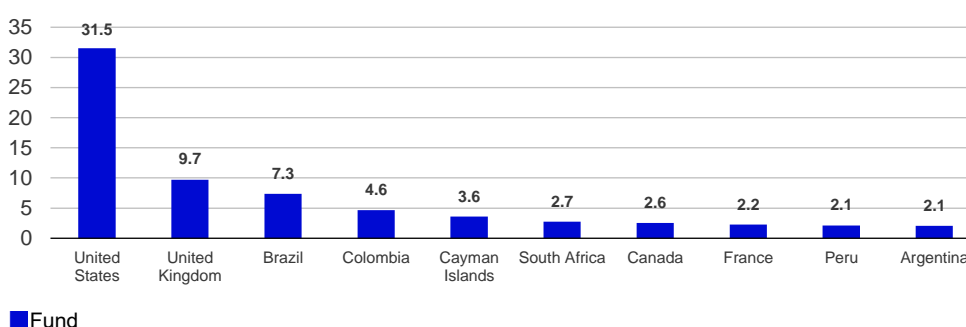
Growth resilience, ongoing general disinflation and restrictive monetary policy continued in the first quarter of 2024. Though services inflation has been sticky, we expect monetary policy to remain appropriate for the last step of the disinflation process. In other words, emerging market central banks can lower interest rates further while keeping monetary policy restrictive in order to guide inflation toward their respective targets, and developed market central banks seem poised to begin cutting policy rates as well.

Ultimately, we believe differences between various economies will drive the opportunity set. Considering the disinflation in Central and Eastern Europe over the last few months, we believe individual country dynamics can drive returns, regardless of external outcomes, such as Fed actions. For example, though growth in Poland and Romania has been strong, growth in the Czech Republic and Hungary will likely be challenged. In those countries, we expect domestic growth considerations to take precedence in central bank rate decisions.

We could see a similar dynamic in Asia. Thai and South Korean central banks may cut next, having signaled greater willingness to diverge from developed market central banks. Nevertheless, policies may be guided or limited by movements in their respective currencies, as currency stability has remained a regional focus.

Overall, we expect a favorable environment for global fixed income in 2024, led by emerging markets. Bumpy US disinflation has called into question the exact path of US interest rates, but we still expect a soft landing in the US and globally, with inflation falling and staying around 2-3%. In our view, even a shallower US rate cutting cycle (with fewer cuts this year than the Fed's initial forecast of three) would still be beneficial globally, while improving global growth cushions the effects of higher US rates in the meantime. Importantly, we believe diverging individual country dynamics offer compelling total return opportunities for active managers such as ourselves, and we remain committed to pursuing them.

Top countries (% of total net assets)



Top/bottom rates relative returns

	bps
Germany	9
United Kingdom	7
European Union	6
Czech Republic	-9
China	-18
United States	-25

Top/bottom FX rates relative returns

	bps
EUR	40
JPY	36
MXN	33
CLP	-8
ARS	-10
BRL	-11

Top/bottom credit relative returns

	bps
United States	19
United Kingdom	14
Mexico	10
Germany	-2
Italy	-3
Argentina	-12

Performance highlights

The fund's Class A shares at net asset value (NAV) outperformed its benchmark. The fund's credit exposure and foreign currency exposure added to relative return, while interest rate positioning detracted from relative return. The top contributors to relative return were credit exposure in the US and positioning in the Euro and Japanese Yen. The largest detractors from relative return were interest rate positioning in the US and China and positioning in the Brazilian Real.

Contributors to performance

- Credit exposure in the US
- Positioning in the Euro
- Positioning in the Japanese Yen

Detractors from performance

- Interest Rate Positioning in the US
- Interest Rate Positioning in China
- Positioning in the Brazilian Real

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 10/16/89	NAV	-0.24	-0.24	5.53	-1.53	0.15	1.16	5.75
	Max. Load 4.25%	-4.48	-4.48	0.97	-2.92	-0.69	0.73	5.62
Class R6 shares inception: 01/27/12	NAV	-0.16	-0.16	6.24	-1.10	0.56	1.54	2.25
Class Y shares inception: 01/26/98	NAV	0.14	0.14	6.13	-1.29	0.39	1.40	4.44
Bloomberg Global Aggregate Index		-2.08	-2.08	0.49	-4.73	-1.17	-0.07	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	18% (27 of 164)	29% (41 of 159)	28% (34 of 143)	11% (15 of 120)	-

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](https://www.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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	2.63	-2.35	6.36	6.22	-4.69	10.58	3.51	-3.24	-11.79	8.65
Class R6 shares at NAV	3.07	-2.20	7.11	6.66	-4.36	10.72	3.88	-2.91	-11.27	9.04
Class Y shares at NAV	2.90	-2.11	6.62	6.47	-4.46	10.84	3.76	-3.28	-11.62	8.93
Bloomberg Global Aggregate Index	0.59	-3.15	2.09	7.39	-1.20	6.84	9.20	-4.71	-16.25	5.72

Unless otherwise specified, all information is as of 03/31/24. 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.

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; www.ratings.moody's.com and select 'Rating Methodologies' under Research and 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

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