Invesco Emerging Markets Local Debt Fund

Q1 2025

Key takeaways

1. **Emerging market debt offers income, diversification and total return potential**
Emerging market local bonds, in our view, offer an attractive opportunity to invest in a high-yielding asset class with low correlation to both US stocks and bonds and potentially high total returns.

2. **Emerging market debt has the potential to provide high income**
Nominal and real interest rates have remained elevated, while disinflation has generally continued. Emerging market income is attractive, in our view, and individual country dynamics offer compelling total return opportunities.

3. **Favorable outlook for emerging market local debt**
Improving global growth differentials and normalizing financial conditions across the world should, in our estimation, benefit emerging markets 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)	79.63

Portfolio managers
Hemant Baijal, Jason Martin, Wim Vandenhoeck

Manager perspective and outlook

- Market expectations appeared upended in the first quarter. US policy uncertainty appeared to erode sentiment and raised recession concerns as investors seemed to analyze how shifts in global trade policy would affect growth and inflation.
- Countering prevailing pessimism in Europe, German elections appeared to fuel optimism for a pro-growth agenda, further boosted by plans to loosen fiscal rules and the prospect of the European Union issuing joint debt to finance defense spending.
- The US Federal Reserve ("Fed") held interest rates steady, awaiting signs of inflation impacts or economic weakening, while signaling readiness to act if needed.
- In contrast, the European Central Bank, Bank of England, Swiss National Bank and Bank of Canada continued easing monetary policy, while the Reserve Bank of Australia began to ease. Most signaled further reductions in 2025. Bank of Japan, an outlier, hiked rates again, albeit from a low level.
- Emerging market central banks proceeded cautiously. Mexico, South Africa and India cut rates, while outlier Brazil hiked rates and signaled more tightening if inflation persists.
- The US dollar headed into 2025 strong but drifted downward during the first quarter on prospects for slowing US growth.
- We expect economic and policy divergences across regions and countries to persist. We believe this environment offers compelling excess return opportunities for active managers such as ourselves.

For more information, including prospectus and factsheet, please visit Invesco.com/OEMAX

Portfolio characteristics*

Effective duration (years)	5.77
Weighted avg. effective maturity (years)	7.93
30-day SEC yield (Class A shares)	7.64
30-day SEC unsubsidized yield (Class A shares)	7.32

Quality breakdown (% total)

AAA	3.4
AA	1.4
A	17.4
BBB	45.0
BB	19.4
B	1.2
Not rated	1.8
Cash and Cash equivalent	5.8
Derivatives & FX	4.5

Investment categories (% total)

Emerging Market Debt	**80.3**
Emerging Market Sovereign Bonds	78.6
Emerging Market Corporate Bonds	1.7
Non-US Debt	**5.6**
Non-US Sovereign Bonds	5.6
Cash & Cash Equivalent	**5.8**
Derivatives & FX	**4.5**
Other	**3.7**

Portfolio positioning

During the quarter, we reduced the fund's foreign currency exposure, primarily by decreasing exposure to emerging market currencies, because we believe these currencies will be most affected by the rise in global economic uncertainties. We decreased the fund's duration positioning, primarily by decreasing exposure in Czech Republic and South Africa.

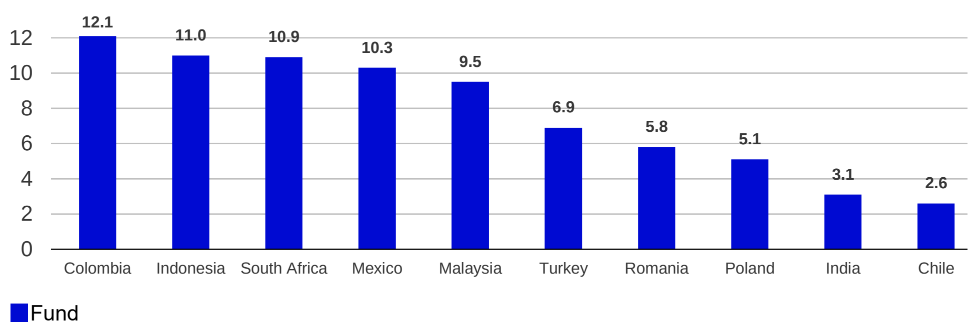
Though the Fed held rates steady during the quarter, it downgraded its economic forecast for 2025, reflecting an uncertain policy environment that has been clouding the US economic outlook. Risks of both weaker growth and higher inflation present a complicated path for the Fed to navigate. While on hold for now as it assesses effects of the new administration's policies on the economy, we expect the Fed's path is probably toward lower rates if domestic demand falls.

In contrast, most other developed market central banks have shifted decisively into easing mode, and we expect this to continue, with the Bank of Japan remaining an outlier. The shift from a global consensus of cautious rate cuts toward more independent monetary policy decisions reflects diverging economic paths.

Emerging markets, in our estimation, face a complex landscape with mixed signals for inflation and the global economy. Emerging market central banks maintained a "wait and see" approach due to an uncertain external environment. Although Turkey cut rates from 45% to 42.5%, it was forced to raise the top side of its band to 46% to stabilize markets after recent political events. Brazil, as planned, delivered its third consecutive 1.00% rate hike. Although limited forward guidance was offered, it seems clear Brazil's central bank remains concerned about inflation, while it acknowledged slowing growth by reducing its 2025 growth projections. As long as the Fed remains on hold, emerging market central banks have relatively less room to maneuver. We believe most will continue to reduce rates to the extent they can, based on country-specific growth and inflation dynamics. As the Fed eventually lowers rates, we expect more Asian central banks to follow suit.

We believe an actively managed approach is particularly valuable amid greater economic and policy dispersion. Furthermore, an approach focused on income generation may be especially timely in periods of heightened uncertainty. We remain excited about the compelling opportunities for generating excess return in emerging fixed income markets.

Top countries (% of total net assets)



Top/bottom rates relative returns

	bps
Turkey	29
Egypt	17
Poland	11
Czech Republic	-1
Thailand	-6
India	-7

Top/bottom FX rates relative returns

	bps
BRL	11
ZAR	9
HUF	7
CNH	-14
COP	-14
TRY	-85

Performance highlights

The fund's Class A shares at net asset value (NAV) underperformed its benchmark for the quarter. The fund's interest rate positioning added to relative return, while foreign currency exposure detracted from relative return. The top contributors to relative return were interest rate positioning in Turkey, Egypt and Poland. The largest detractors from relative return were positioning in the Turkish Lira, Colombian Peso, and Chinese Renminbi.

Contributors to performance

- Interest Rate Positioning in Turkey
- Interest Rate Positioning in Egypt
- Interest Rate Positioning in Poland

Detractors from performance

- Positioning in Turkish Lira
- Positioning in Colombian Peso
- Positioning in Chinese Renminbi

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/30/10	NAV	3.50	3.50	0.62	1.69	2.26	1.52	1.25
	Max. Load 4.25%	-0.84	-0.84	-3.64	0.22	1.38	1.08	0.96
Class R6 shares inception: 09/28/12	NAV	3.56	3.56	0.87	1.99	2.61	1.85	0.37
Class Y shares inception: 06/30/10	NAV	3.36	3.36	0.87	1.89	2.51	1.76	1.52
JP Morgan GBI EM Global Diversified Index		4.31	4.31	4.03	2.71	2.30	1.27	-
Total return ranking vs. Morningstar Emerging-Markets Local-Currency Bond category (Class A shares at NAV)		-	-	95% (61 of 66)	75% (50 of 65)	61% (46 of 62)	24% (18 of 56)	-

Expense ratios per the current prospectus: Class A**: Net: 1.23%, Total: 1.50%; Class R6**: Net: 0.98%, Total: 1.06%; Class Y**: Net: 0.98%, Total: 1.26%.

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	-12.04	11.84	14.94	-7.05	13.50	3.77	-10.40	-9.10	13.87	-5.13
Class R6 shares at NAV	-11.69	12.12	15.32	-6.79	13.86	4.22	-10.10	-8.74	14.19	-4.89
Class Y shares at NAV	-11.78	12.17	15.19	-6.86	13.73	3.98	-10.19	-8.70	13.94	-4.70
JP Morgan GBI EM Global Diversified Index	-14.92	9.94	15.21	-6.21	13.47	2.69	-8.75	-11.69	12.70	-2.38

****** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb 28, 2026.

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to JP Morgan GBI EM Global Diversified 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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

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.

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.

The Fund is considered non-diversified and may experience greater volatility than a more diversified investment.

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.