Invesco Emerging Markets Flexible Bond Fund

Quarterly Performance Commentary

Nasdaq: A: IAEMX C: ICEMX Y: IYEMX

Investment objective

The fund seeks total return through growth of capital and current income.

Portfolio management

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Portfolio information	
Total Net Assets	$23,177,044
Total Number of Holdings	73

Fund characteristics	
WAM (years)	8.05
Effective Duration	5.29
Distribution Frequency	Quarterly

Investment categories (%)	
Emerging Market Sovereign Bonds	29.80
Emerging Market Local Bonds	8.10
Emerging Market Quasi-Sovereign Bonds	20.10
Emerging Market Corporate Bonds	42.90
Cash/Other	-0.90

May not equal 100% due to rounding.

Credit quality breakdown (% total)[1]	
Cash	-0.92
AA	0.82
A	4.23
BBB	24.77
BB	28.31
B	38.27
CCC	3.43
CC	1.09

Market overview

- Emerging market corporate credit and emerging market local debt both ended the quarter with positive returns after the European Central Bank and the US Federal Reserve calmed markets in May and June by signaling their willingness to ease monetary policies to support economic growth. Argentina was the best performing credit market during the quarter even as its currency, the Argentine Peso, was one of the worst performing currencies. Argentina benefited from central banks' apparent shift toward easier monetary policy stances, as well as country-specific drivers, including a more positive local view of Argentina's economy, lower inflation expectations, and better polling numbers for the current president, Mauricio Macri, who is considered the more market-friendly candidate. In addition, the market appears less worried about opposition candidate Alberto Fernandez's economic policies and his engagement with the International Monetary Fund should he win the election.
- Issuance of new emerging market debt has picked up considerably from the start of the year. Sovereigns have issued $87 billion in debt year-to-date and corporates have issued $248 billion. Inflows were also strong across the emerging market bond universe, with year-to-date net inflows of $45.1 billion.

Performance highlights

- Invesco Emerging Markets Flexible Bond Fund Class A shares at net asset value (NAV) had a positive return for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- The fund benefited from exposure to local debt in Indonesia.
- Security selection within the corporate financials sector was also advantageous.

Detractors from performance

- The fund's underweight in emerging market local debt detracted from relative return during the quarter.

Positioning and outlook

- We believe emerging market growth rates will surpass those of developed markets in the second half of year. Ideally, US growth would be in the 1.5% to 2.5% range. However, if US growth is slower than that, given recent Fed comments, we would expect interest rate cuts, which would negatively affect the US Dollar, halting its recent strength. Emerging market funding conditions are not currently a concern, but renewed appreciation of the US Dollar or a resumption of US interest rate increases would require close monitoring. We are also mindful of increased tariff volatility, especially related to China, and the negative impact tariff volatility would have on the broader emerging market universe given current supply chain logistics.

Investment results

Average annual total returns (%) as of June 30, 2019

	Class A Shares Inception: 06/16/10		Class C Shares Inception: 06/16/10		Class Y Shares Inception: 06/16/10	Style-Specific Index
Period	Max Load 4.25%	NAV	Max CDSC 1.00%	NAV	NAV	3-Month USD Libor Index
Inception	-0.61	-0.13	-0.87	-0.87	0.12	-
5 Years	-4.51	-3.68	-4.40	-4.40	-3.43	1.19
3 Years	0.19	1.67	0.91	0.91	1.92	1.74
1 Year	0.64	5.17	3.39	4.39	5.44	2.54
Quarter	-0.90	3.48	2.29	3.29	3.54	0.62

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com/performance 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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. On Feb. 26, 2016, the fund's principal investment strategy and benchmarks changed. For more information about the changes, please see the fund's prospectus. Results prior to Feb. 26, 2016, reflect the performance of the fund's previous strategy. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index source: Bloomberg L.P.

Expense ratios	% net	% total
Class A Shares	1.24	2.01
Class C Shares	1.99	2.76
Class Y Shares	0.99	1.76

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb. 29, 2020 and contractual management fee waivers in effect through at least June 30, 2020. See current prospectus for more information.

For more information you can visit us at www.invesco.com/us

1 Ratings source: Moody's. 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. For more information on Moody's rating methodology, please visit www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage.

Class Y shares are available only to certain investors. See the prospectus for more information.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The 3-Month USD Libor Index is the average interest rate at which a selection of banks in London are prepared to lend to one another in American dollars with a maturity of three months.

Effective duration is a modified duration calculation which incorporates the expected duration-shortening effect of an issuer's embedded call provision. **Weighted average effective maturity (WAM)** 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.

About risk

Commodities may subject an investor to greater volatility than traditional securities such as stocks and bonds and can fluctuate significantly based on weather, political, tax, and other regulatory and market developments.

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.

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.

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

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

Short sales may cause an investor to repurchase a security at a higher price, causing a loss. As there is no limit on how much the price of the security can increase, exposure to potential loss is unlimited.

By investing in the subsidiary, the fund is indirectly exposed to risks associated with the subsidiary's investments, including derivatives and commodities. Because the subsidiary is not registered under the Investment Company Act of 1940, the fund will not have the protections offered to investors in US 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.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit invesco.com/fundprospectus.