Invesco Developing Markets Fund

Portfolio Manager
Justin Leverenz, CFA
(Since 5/07)

Portfolio Inception
November 18, 1996

Fund Assets
$40.2 billion

Investment Philosophy
We believe long-term outperformance can be achieved by focusing on exceptional companies with durable tailwinds that can drive sustainable growth. We look to build and manage a diversified portfolio of stocks that we want to own for the long term. We believe that entry price is a key component of returns when investing in these companies.

For additional information, please visit our website at **invesco.com**

Monthly Performance Comments

During the month of October 2020, the Invesco Developing Markets Fund Class A (w/o sales charge) returned 0.37% underperforming its benchmark, the MSCI EM Index which returned 2.06%.

Top Sectors Contributing to Relative Performance

- Financials (stock selection)
- Real Estate (underweight, stock selection)
- Materials (underweight, stock selection)

Bottom Sectors Detracting from Relative Performance

- Consumer Discretionary (stock selection)
- Communication Services (underweight, stock selection)
- Information Technology (stock selection)

Top Countries Contributing to Relative Performance

- India (stock selection)
- South Korea (underweight, stock selection)
- Philippines (overweight, stock selection)

Bottom Countries Detracting from Relative Performance

- Russia (overweight, stock selection)
- China (underweight, stock selection)
- France (overweight, the benchmark has no allocation)

Year-to-Date Performance Comments

For the year-to-date period ending October 31, 2020, the Invesco Developing Markets Fund Class A (w/o sales charge) returned -1.06% underperforming its benchmark, the MSCI EM Index which returned 0.87%.

Top Sectors Contributing to Relative Performance

- Health Care (overweight, stock selection)
- Industrials (stock selection)
- Utilities (underweight)

Bottom Sectors Detracting from Relative Performance

- Consumer Staples (stock selection)
- Consumer Discretionary (overweight)
- Financials (overweight)

Top Countries Contributing to Relative Performance

- China (stock selection)
- Brazil (overweight, stock selection)
- Thailand (underweight)

Bottom Countries Detracting from Relative Performance

- Mexico (overweight, stock selection)
- India (overweight, stock selection)
- Peru (overweight, stock selection)

Top contributors to performance included: **Tencent, Taiwan Semiconductor Manufacturing Co. (TSMC)** and **Alibaba Group Holding Ltd.**

Tencent is a Chinese internet company that has created a broad ecosystem built on gaming, messaging, fintech, cloud and content. Mobile game growth has accelerated with high Daily Average Users (DAU). The company released Moonlight Blade, an in-house developed MMORPG (massive multiplayer online role-playing game), that quickly become China's most downloaded game in October. Social ad growth has also accelerated which should provide a long tailwind of growth. Tencent's long-term structural growth profile should benefit from enterprises migrating to integrated online platforms and other digitalization initiatives. Tencent's robust suite of offerings in China - WeChat, WeChat Work, Tencent Meeting, payment solutions, advertising tools and cloud, among others - may allow them to capitalize on this trend that coronavirus pandemic has propelled.

Taiwan Semiconductor Manufacturing Co. (TSMC) is the world's preeminent semiconductor foundry. For the past 30 years, TSMC has made inhouse design and innovation a priority while placing a large emphasis on client service and trust, allowing them to capture a large majority of the overall market share. While handset sales have been sluggish this year, Apple, their largest customer, will embark on several new product releases, including the release of the new iPhone 12. Additionally, Apple with work to overhaul the chips used in HPC. TSMC should continue to benefit from the demands for faster and more efficient computation utilizing lower power and the continued rollout of 5G infrastructure.

Alibaba Group Holding Ltd. is one of China's most dominant internet companies and holds the leading position in the sizeable e-commerce market. Alibaba has reported a strong recovery in core e-commerce in concert with profitability improvement, which resulted from stringent cost control measures implemented in the wake of the pandemic. Notable segments in this recovery included Tmall where there was GMV (gross merchandise value) growth attributed to China's annual mid-year shopping festival known as "618," which occurred from June 1st-18th and robust growth in AliCloud, Alibaba's cloud computing division. This summer AliCloud announced plans to expand their talent pool by 5,000 people over the next three years. Currently AliCloud, is the largest provider of IaaS (Infrastructure as a Service) and IUS (Infrastructure Utility Service) in the Asia Pacific Region.

Year-to-Date Performance Comments (continued)

Top detractors to performance were **Fomento Economico Mexicano (FEMSA), Housing Developing Finance Corporation** and **FirstRand Limited.**

Fomento Economico Mexicano (FEMSA) has transformed itself over the past several years from one of the largest beverage companies in Latin America to a leading retail operator. FEMSA's legacy beverage businesses include a stake in one of the largest Coca-Cola bottlers in Latin America and a stake in Heineken. The area of focus and growth for FEMSA over the last few years has been retail. It owns and operates OXXO, one of the largest and fastest growing retail chains in Latin America. More recently, they have moved into the pharmacy business. While the company has strong expansion and long-term growth opportunities, the Mexican economy has created a challenging backdrop in the near term and has weighed on the stock along with concerns about the company's asset allocation.

Housing Development Finance Corp, (HDFC) long-term holding of the Fund, provides financial services to consumers and corporations in India. In the long term HDFC should benefit from three structural trends in the Indian financial sector - market share gains of the private banks, a multi-year shift from physical to financial assets, and widespread digital adoption. HDFC also has exposure in other leading financial businesses in underpenetrated services, namely insurance and asset management. Broadly, the banking sector in India has been impacted by several macroeconomic headwinds -a weak real estate market, development stagnation, and expectations for weak economic growth in India, all of which pre-dated the global pandemic. We believe HDFC has been among the most prudent credit underwriters in India for decades and feel comfortable with the quality of their books and the sustainability of their growth. We believe the pandemic will improve competitive dynamics for HDFC as players with weaker market positions and balance sheets are forced to retreat.

FirstRand Limited is one of the largest banks in South Africa. The South African banking sector is an attractive one given its concentration, in which FirstRand is well positioned with its industry leading ROE, conservative provisioning, and culture of entrepreneurship and innovation. Over the long term, the bank has a major growth opportunity through diversification into asset management and insurance alleviating the bank's heavy reliance on transactional fees. Despite the bank's strong positioning and future optionality, the current economic conditions in South Africa are generating severe macro headwinds impacting the sector and the stock. We trimmed the position in Q3 2020 and will continue to monitor the economic landscape and the impact of COVID-19.

Long-Term Outlook

We believe China will persist in being the most significant growth story in the emerging market universe and indeed the world. We expect 2020 to see China's transition to a growth rate that is lower but of higher quality and more equitable. The government's investment in improved safety nets (pension, health, education) will underwrite sustainable consumer demand, which, along with the government's continued pursuit of financial stabilization and improved capital allocation, should support capital markets.

We seek to avoid short-term tactical positions and macroeconomic calls. We remain focused on applying our well-established, bottom-up, research intensive approach to identifying extraordinary companies with durable earnings growth, sustainable advantages, real options that will unfold over time, and appropriate valuations. The team remains focused on identifying companies that can deliver strong long-term earnings, cash flow growth, and profitability. These are companies that have sustainable competitive advantages and real options that manifest over time. We believe these types of opportunities offer investors the greatest potential for compelling results over time.

Currently, 47% of the portfolio has been held for at least 5 years and 28% of the portfolio has been held for at least 10 years (as of 10/31/20). We believe our long-term approach has generated compelling results and the average up capture and down capture ratio during Justin's tenure since May 2007 is 91% and 86%, respectively.

Regardless of market environment we remain true to our investment approach and therefore the positioning of the portfolio remains unchanged. The portfolio is overweight Consumer Discretionary, Financials, Industrials and Health Care. The portfolio is underweight Consumer Staples, Real Estate, Information Technology, Communication Services, Energy, Materials and Utilities.

While we will consider near term impact as information becomes available, our research effort is oriented to understanding the long-term opportunities and risks for the stocks we hold. In general, we do not try to forecast macro growth rates for the countries we invest in and we certainly don't do that for short term periods. Given the broad market sell-off, even for companies where we believe the long-term fundamentals remain attractive, we see several idiosyncratic opportunities to add to companies within the portfolio that are now trading at compelling valuations.

Average Annual Total Returns (%)

As of September 30, 2020	Q3 2020	1-Year	3-Year	5-Year	10-Year	Inception
Invesco Developing Markets Fund (Class A Shares w/o Sales Charge)	8.17	10.16	4.09	10.11	4.00	11.22
Invesco Developing Markets Fund **(Class A Shares w/ Sales Charge)**	2.21	4.11	2.15	8.87	3.41	10.96
Invesco Developing Markets Fund (Class Y Shares)	8.27	10.45	4.35	10.38	4.29	8.39
Invesco Developing Markets Fund (Class R6 Shares)	8.29	10.60	4.51	10.56	–	6.43
MSCI Emerging Markets Index[1]	9.56	10.54	2.42	8.97	2.50	–
Morningstar Percentile Rank and Ranking: Diversified Emerging Markets Category[2] (Class A Shares based on total return)	-	43rd 404/790	24th 193/695	26th 177/590	23rd 76/264	–

- Returns for periods of less than one year are cumulative and not annualized.
- Class A share inception date is 11/18/1996
- Class Y share inception date is 9/7/2005
- Class R6 share inception date is 12/29/2011

Annual Expense Ratios:

- Class A shares: Gross: 1.24%.
- Class Y shares: Gross: 1.00%.
- Class R6 shares: Gross: 0.83%.

Performance quoted is past performance, and cannot guarantee comparable future results. Current performance and expense ratios may be higher or lower. Visit invesco.com for the most recent month end performance. Investment returns and principal value will vary; you may have a gain or loss when you sell shares.

Performance figures reflect reinvested distributions and changes in share price and the effect of the max. sales charge unless otherwise stated. Class A (with sales charge) returns reflect a 5.50% max sales charge. Class Y and R6 shares are not subject to a sales charge. 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. See current prospectus for more information. Class I shares were reorganized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Generally, Y shares are only available to certain investors, including those in wrap-fee based programs or commissionable brokerage platforms that charge sales commission.

Effective 4/12/13, the purchase and exchange of Fund shares are restricted, subject to certain exceptions. Please see the prospectus for further information.

1. The MSCI Emerging Markets Index is designed to measure equity market performance of emerging markets. The index is unmanaged, includes the reinvestment of dividends and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund. **Past performance does not guarantee future results.**

2. Source: **Morningstar Inc. rankings are based on total return, excluding sales charges and including fees and expenses versus all funds in the Morningstar category.** 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.

As of September 30, 2020, Invesco Developing Markets Fund had assets in the following companies: Alibaba (6.54%), Tencent Holdings Ltd. (7.13%), Taiwan Semiconductor Manufacturing Co. (8.24%) Housing Development Finance Corp (3.80%), FirstRand Limited (0.61%), Fomento Economico Mexicano (FEMSA) (2.33%).

Holdings are subject to change and are not buy/sell recommendations.

Special Risks: In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

The risks of investing in securities of foreign issuers, including emerging market issuers, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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. Stocks of small and mid-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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 Portfolio Manager of the Invesco Developing Markets Fund and are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

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.

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