

# Invesco Oppenheimer Emerging Markets Local Debt Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2019



### Investment objective

The fund seeks total return.

### Portfolio management

Hemant Bajjal, Wim Vandenhoeck

### Fund facts

Total Net Assets	\$226,891,535
Total Number of Holdings	132

### Fund characteristics

WAM (years)	7.26
Effective Duration	5.78
Distribution Frequency	Monthly

### Investment categories (%)

Emerging Market Sovereign Bonds	93.95
Emerging Market Corporate Bonds	0.19
Cash/Other	5.87

May not equal 100% due to rounding.

### Credit quality breakdown (% total)<sup>1</sup>

Cash	6.79
AAA	0.39
A	25.04
BBB	42.14
BB	18.79
B	2.52
CCC	0.58
Not Rated	4.67

### Market overview

+ The third quarter continued to see weaker global growth, led primarily by the rest of the world as the US economy surprised to the upside after expectations had been significantly lowered. As anticipated, global growth slowed and policy makers in almost every major global economy responded by moving toward easier monetary conditions. The US Federal Reserve cut interest

rates in July and September, while most emerging market central banks continued to reduce rates.

+ In August, the markets were roiled by the unexpected and significant increase in US/China trade tensions as the US put tariffs on almost all Chinese imports. Also in August, emerging market currencies declined as the US dollar strengthened in a knee jerk reaction.

### Positioning and outlook

+ In a continuation of our third quarter view, we still see global growth momentum slowing in the fourth quarter but at a slower rate. The stability we had been expecting in non-US growth has been further delayed amid concerns that a comprehensive US/China trade deal is now out of reach and even a narrower deal may be difficult to achieve. We do believe China will provide economic stimulus; however, that will likely be aimed at its domestic economy through policy measures such as tax cuts and should have limited global impact.

rates at least two, if not three, times as growth slows. We also expect other central banks, notably in Brazil, Mexico, Chile, India, Indonesia and Russia to be accommodative. We still expect that the mix of moderate growth with falling inflation will have a positive impact on asset prices.

+ We expect global growth, which we currently estimate at 2.6%, to fall further into the first quarter of next year. However, we believe the probability of a global recession is low. In such an environment, we believe financial conditions and valuations will be the primary driver of market returns. We expect the Fed to ease further, cutting

+ We believe the US dollar will continue to slowly decline due to easier financial conditions. As financial conditions affect market performance, we expect emerging market currencies to benefit from their income advantage. We favor currencies such as the Brazilian real, Indian rupee, Indonesian Rupiah and South African rand.

+ We favor emerging market interest rates, especially sovereign debt with high real yields. We favor long end interest rates in Brazil, India, South Africa, Indonesia and Russia and shorter term interest rates in Mexico and Colombia.

### Performance highlights

+ The fund's Class A shares at net asset value (NAV) underperformed its benchmark. (Please see the investment results table on page 2 for fund and index performance.) August was the most difficult month of the quarter, as risk assets sold off in reaction to increased trade tensions between the US and China. Exposures to Argentina, Poland and Turkey were primarily responsible for the fund's underperformance of its index. Overweight exposure to Argentine bonds and the Argentine peso detracted from relative return as Argentina's market sold off after an unexpected primary election result. The fund's underweight in Turkey detracted from relative return as the Turkish lira was a top performing currency during the quarter. An underweight in Polish interest rate exposure also detracted from relative return, while exposure to the Polish zloty also detracted as the currency sold off during the quarter.

Expense ratios	% net	% total
Class A Shares	1.15	1.31
Class C Shares	2.00	2.06
Class Y Shares	0.95	1.06

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 May 31, 2021. See current prospectus for more information.

## Investment results

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

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 06/30/10	NAV	Inception: 06/30/10	NAV	Inception: 06/30/10	
	<b>Max Load</b> <b>4.25%</b>		<b>Max CDSC</b> <b>1.00%</b>			<b>JPMorgan Gov't Bond Index- Emerging Markets</b>
Inception	1.59	2.07	1.27	1.27	2.34	-
5 Years	0.96	1.83	1.00	1.00	2.08	0.55
3 Years	1.62	3.09	2.24	2.24	3.32	3.06
1 Year	5.26	9.92	7.83	8.83	9.97	10.13
Quarter	-6.09	-1.94	-3.12	-2.16	-1.89	-0.79

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. 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. 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 sources: Invesco, FactSet Research Systems Inc.

For more information you can visit us at [www.invesco.com/us](http://www.invesco.com/us)

1 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. If securities are rated differently by the rating agencies, the higher rating is applied. 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 the rating methodology, please visit [www.standardandpoors.com](http://www.standardandpoors.com) and select 'Understanding Ratings' under Rating Resources on the homepage; [www.moodys.com](http://www.moodys.com) and select 'Rating Methodologies' under Research and Ratings on the homepage; [www.fitchratings.com](http://www.fitchratings.com) and select 'Ratings Definitions' on the homepage.

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

The JP Morgan Government Bond Index–Emerging Markets Global Diversified Index is a comprehensive global local emerging markets index comprising liquid, fixed-rate, domestic currency government bonds. An investment cannot be made directly in an index.

**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**

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.

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.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

*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](https://www.invesco.com/fundprospectus).*

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. Advisors, please contact your home office.

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

All data provided by Invesco unless otherwise noted.