Invesco Emerging Markets Local Debt Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2020

Investment objective
The fund seeks total return.

Portfolio management
Hemant Baijal, Wim Vandenhoeck

Fund facts

Total Net Assets	$149,784,696
Total Number of Holdings	331

Fund characteristics

WAM (years)	5.45
Effective Duration	5.95

Investment categories (%)

Emerging Market Sovereign Bonds	91.42
Non US Investment Grade	0.01
Other	0.24
Derivatives	7.10
Cash	1.23

May not equal 100% due to rounding.

Market overview

+ Several key trends from the second quarter developed further in the third quarter. The COVID-19 pandemic spread globally, albeit more slowly. US cases increased sharply early in the quarter, while several European countries had smaller flare-ups throughout the period. Second quarter GDP data released in July reflected COVID-19's global economic impact with sharp contractions across multiple countries. US GDP showed a -32.9% annualized contraction. However, more recent indicators suggest that economies of many countries, including the US, are gradually recovering. In Asia, a rise in retail sales and China's tightening labor market suggest the region's economic recovery has further to run.
+ Governments and policymakers across the world continue to provide fiscal and monetary policy support in response to the pandemic. In the third quarter, the US Federal Reserve implemented further measures to boost dollar liquidity. The Fed left policy rates unchanged and adjusted its inflation target to an "average" of 2%, thereby giving itself more flexibility around monetary policy. This, coupled with Fed assurances that it would provide whatever monetary support is needed, improved investor sentiment. Meanwhile, European Union leaders launched a €750 billion package to fund post-pandemic relief efforts, while the European Central Bank held policy rates unchanged and granted Eurozone banks extra capital relief. In emerging market economies, most central banks left policy rates unchanged, while central banks in Mexico, Colombia and Egypt cut interest rates to provide additional support to their economies. Buoyed by fiscal and monetary support, global markets extended their recovery through quarter end.

Positioning and outlook

+ During the quarter, we increased the fund's overall foreign currency (FX) exposure to between 98-100%, with overweights in Central and Eastern Europe and Asia and an underweight in Latin America. We kept the fund's duration longer than its benchmark. Based on our interest rate outlook, we maintain positions in the 3- to 5-year maturity segment of emerging market yield curves.
+ In South Africa, we shifted to a duration underweight because we believed valuations were becoming less attractive. In September, the South African Reserve Bank surprised the market by holding interest rates at 3.50% and South Africa's market sold off. Though inflation is not currently an issue, South Africa's central bank highlighted fiscal risks to this year's budget. We expect the fiscal deficit to be updated in October.
+ In our view, growth forecasts are broadly more favorable. GDP projections are also improving, despite COVID-19 case data often being worse than expected. We believe labor market data could be more important than GDP data. As this is not a typical crisis, the path to a rising growth cycle may be different as well; lack of income will likely reduce consumption and delay investment, allowing central banks to keep interests lower for longer with little threat of inflation.
+ As recent data suggests the global environment will be better than the market expects, we also appreciate that some countries will use this opportunity to reallocate capital, increase productivity through technology and focus on social factors affecting their population. With attractive interest rate valuations in the middle of most yield curves and a significant currency opportunity, we believe emerging market rates and currencies represent a highly attractive opportunity that we have not seen in over a decade.

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.) Exposures to Russia, Argentina and Mexico detracted the most from the fund's relative return. Specific detractors included positioning in the Argentine peso and interest rate positioning in Colombia and Mexico. Conversely, interest rate positioning in South Africa and positioning in the Turkish lira and Chinese Renminbi added to relative return.

Expense ratios	% net	% total
Class A Shares	1.15	1.32
Class C Shares	2.00	2.08
Class Y Shares	0.95	1.08

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.

Top countries	% of total net assets
Colombia	13.05
Indonesia	10.51
South Africa	8.77
India	8.19
Russian Federation	7.01
Mexico	6.80
Romania	6.05
Malaysia	5.40
Thailand	5.31
Peru	4.73

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

Investment results

Average annual total returns (%) as of Sept. 30, 2020

	Class A Shares		Class C Shares		Class Y Shares	
	Inception: 06/30/10		Inception: 06/30/10		Inception: 06/30/10	Style-Specific Index
Period	**Max Load 4.25%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**JPMorgan Gov't Bond Index-Emerging Markets**
Inception	1.39	1.82	1.04	1.04	2.09	-
10 Years	0.53	0.96	0.17	0.17	1.23	0.52
5 Years	4.11	5.02	4.17	4.17	5.29	4.78
3 Years	-1.23	0.20	-0.65	-0.65	0.36	0.17
1 Year	-4.64	-0.42	-2.22	-1.27	-0.22	-1.45
Quarter	-4.11	0.15	-1.06	-0.07	0.04	0.61

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. 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

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 and select 'Understanding Ratings' under Rating Resources on the homepage; www.moodys.com and select 'Rating Methodologies' under Research and Ratings on the homepage; www.fitchratings.com and select 'Ratings Definitions' on the homepage.

■ **Effective September 30, 2020, "Oppenheimer" was removed from the fund name. Please see the prospectus for additional information.**

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.

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.

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.

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.