



# Invesco Developing Markets Portfolio

## Quarterly Performance Commentary

CUSIPS: A:76223R366 C:76223R358 I:76223R341

**Investment objective**

The portfolio seeks to provide capital appreciation.

**Portfolio management**

Justin Leverenz

Management is that of the underlying fund.

**Portfolio information**

Total net assets \$604,264

Total number of holdings 75

Holdings shown are that of the underlying fund.

Top equity holdings	% of total net assets
Taiwan Semiconductor Manufacturing Co Ltd	8.69
Grupo Mexico SAB de CV	5.53
Kotak Mahindra Bank Ltd	5.51
Samsung Electronics Co Ltd	5.02
HDFC Bank Ltd	4.97
Tata Consultancy Services Ltd	4.41
Yum China Holdings Inc	4.37
Pernod Ricard SA	4.13
H World Group Ltd	3.78
Cie Financiere Richemont SA	3.65

Holdings are that of the underlying fund, subject to change and are not buy/sell recommendations.

Top contributors	% of total net assets
1. Taiwan Semiconductor Manufacturing Company Ltd.	8.69
2. Grupo Mexico S.A.B. de C.V.	5.53
3. Samsung Electronics Co. Ltd.	5.02
4. HDFC Bank Ltd.	4.97
5. Kotak Mahindra Bank Ltd.	5.52

Data shown is that of the underlying fund.

Top detractors	% of total net assets
1. Yum China Holdings Inc.	4.37
2. H World Group Ltd.	3.78
3. ZTO Express (Cayman) Inc.	3.06
4. argenx SE	0.00
5. Tencent Holdings Ltd.	3.48

Data shown is that of the underlying fund.

Portfolio commentary provided is based on the underlying fund.

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

**Market overview**

- The last decade has seen considerable transformation in emerging market economies and capital markets (excluding China). Larger economies of the developing world spent this time addressing external and internal vulnerabilities and now appear to be relative bastions of macroeconomic resilience and policy orthodoxy. Historically, investors viewed fast-growing emerging markets as a beta play on global economic cycles because when the global economy grew, emerging economies typically grew even faster. That role has changed, and these economies now have slower but more resilient growth. We believe the underperformance of non-US equities during the last decade has created tremendous value in the asset class.
- We remain long-term investors and do not make tactical decisions. Unfavorable industry trends have historically created opportunities for truly skilled active managers. We believe this environment favors those with an idiosyncratic approach and rewards genuine imagination and creativity in unearthing the rare breed of extraordinary companies. Company fundamentals are especially crucial to us as long-term emerging market investors. Our investment approach has always been rooted in the unwavering focus on high-quality compounders. We believe long-term investors are best served by gaining exposure to truly innovative emerging market companies capitalizing on structural tailwinds.

**Performance highlights**

- Class A units at net asset value (NAV) underperformed the MSCI EM Index for the quarter. (Please see the investment results table on page 2 for portfolio and index performance.)
- From a sector perspective, stock selection in financials, materials and consumer staples were the largest contributors to relative return. The largest detractors from relative return were stock selection and an overweight in consumer discretionary, stock selection in industrials, and an underweight and stock selection in IT.
- Geographically, overweights in Mexico, Hong Kong and Switzerland were the largest contributors to relative return. The largest detractors from relative return were underweights in Taiwan and South Korea. An overweight in Italy also detracted.

**Contributors to performance**

- **Taiwan Semiconductor Manufacturing Co. (TSMC)** is one of the world's leading semiconductor foundries and should, in our view, be well positioned as the company continues migrating to next generation processing nodes.
- **Grupo Mexico** is a diversified mining company based in Mexico. Grupo Mexico's copper reserves could prove valuable as the world requires increasing quantities of copper for the transition to renewable energy.

**Detractors from performance**

- **Yum China** operates a portfolio of quick serve restaurants in China's underpenetrated market. While the company has substantial long-term expansion opportunities, apparent concerns about China's economic recovery have weighed on the stock.
- **H World** is a pioneer in China's hotel industry, primarily using a franchise model. It has solidified and maintained its leadership position through investments in infrastructure technology, which have supported operational efficiency and boosted brand loyalty. However, apparent concerns about China's economic recovery have weighed on the stock.

**Positioning and outlook**

- In our view, the real reason to invest in developing market equities is the opportunity to capture unique companies with durable long-term growth and sustainable advantages, including rare companies that have considerable real options often unappreciated by conventional wisdom.
- We use a bottom-up, benchmark agnostic approach. Sector and country exposures are a by-product of stock selection. Sector and industry weights reflect areas where we tend to find extraordinary companies, identify dynamic changes and see real value creation.
- As of quarter end, relative to the MSCI EM Index, the portfolio was overweight in consumer staples, consumer discretionary, health care and materials. The portfolio was underweight in financials, information technology (IT), utilities, energy, communication services, real estate and industrials.

Investment results						
Average annual total returns (%) as of Dec. 31, 2023						
	Class A units		Class C units		Class I units	Style-Specific Index
	Inception: 10/22/21 Max Load 3.50%	NAV	Inception: 10/22/21 Max CDSC 1.00%	NAV	Inception: 10/22/21 NAV	MSCI Emerging Markets Index
Period						
Inception	-13.05	-11.40	-11.98	-11.98	-11.14	-
1 Year	6.53	11.00	9.36	10.36	11.40	9.83
Quarter	2.54	6.82	5.78	6.78	7.07	7.86

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit collegebound529.com. Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C units following one year from the date units were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class I units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.

Asset mix (%)	
Intl Common Stock	91.16
Other	4.77
Cash	4.07

Data shown is that of the underlying fund.

Expense ratios (%)	
Class A units	1.25
Class C units	2.00
Class I units	1.00

Total annual asset-based fee per the current Program Description.

Equity sector breakdown	(% of total net assets)
IT	19.70
Financials	17.40
Consumer Discretionary	15.20
Consumer Staples	11.90
Materials	8.70
Communication Services	7.20
Industrials	6.10
Health Care	5.50
Energy	2.90
Real Estate	1.30
Utilities	0.00

Data shown is that of the underlying fund.

Class I units are available only to certain investors. See the Program Description for more information.  
The underlying fund holdings are organized according to the Global Industry Classification Standard, which was developed by and is the exclusive property and service mark of MSCI Inc. and Standard & Poor's.

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## About risk

### Risks of the Underlying Holding

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

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.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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

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 portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.

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***Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.***

***For more information about CollegeBound 529, contact your financial advisor, call 877-615-4116, or visit [www.collegebound529.com](http://www.collegebound529.com) to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Invesco Distributors, Inc. is the distributor of CollegeBound 529.***

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