3 Reasons Why We Think the Time May Be Right for EM Equities

Quick Facts

Emerging market (EM) equities have been a leading engine of global growth, fueled by increasing urbanization, favorable demographics, and increases in personal wealth and consumption. While emerging market equities were challenged in 2018, we believe the environment will change in 2019. We think there are three key reasons why now may be the right time to revisit this asset class.

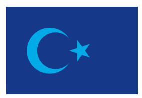
Invesco

1 Structural Reform Across EM Will Fuel Growth

China
China's economy is going through a period of big structural transformation, coming off an extended period of extremely rapid growth, and is moving onto a more sustainable development track as it transitions to a consumption- and services-driven growth model. But even with growth at a slower pace of 5% annually over the long term, China will still account for 30%-40% of global GDP growth.

Brazil
The enthusiasm for new state leadership—with the prospect of reforms to address insufficient domestic savings and fiscal imbalances—has led to a recovery in the Brazilian real and equity markets. In our view, that presents opportunities for foreign investment.

India
New taxes, bankruptcy laws, and cyclical repair and recapitalization of bank balance sheets are already sowing the seeds for future growth. Additional labor reforms, if successful, could reap even more benefits.



Turkey
A willingness by government and the public to undertake materially hard decisions, such as a retreat into recession to eliminate one of the world's biggest current account deficits, will help improve the country's growth potential structurally.

2 EM Is Growing Richer with Disruptive Opportunities[1]

Lack of physical infrastructure in the emerging world has enabled it to leapfrog past traditional stages of development in areas like ride-hailing, e-commerce, and financial services.

Chinese Innovation:

32% of the world's unicorns

48% of the world's artificial intelligence funding

3 EM Valuations Are at Very Attractive Levels[2]

EM companies are rarely cheap except during moments of controversy and broader investor anxiety. We believe we are in one of those unique opportunities.

12-Month Forward PE for EM Equities:

The opinions expressed are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

1 Source: CB Insights as of 10/31/18. Unicorns are defined as start-up companies that reach $1 billion in market cap. Most recent data available.
2 Source: FactSet Research Systems, Inc. as of 12/31/18. 12-month forward P/E is a measure of a price-to-earnings (P/E ratio) using forecasted earnings. Price-to-Earnings (P/E) Ratio: The valuation ratio of a company's current share price compared to its per-share earnings.

Active Management and Experience Can Make the Most of the EM Opportunity

Quick Facts

Investing in emerging market equities offers one of the most compelling examples of the value of active management. We believe the benchmarks and passively managed emerging market equity funds misalign investors with the growth of the asset class and are backward rather than forward-looking. Active managers have the flexibility to focus on sectors that are benefitting from structural growth trends and can also employ risk management techniques that aren't available to passive portfolios. Invesco's EM strategy is a leader in this asset class with strong long-term results.

Morningstar Rating™

★★★★ Silver

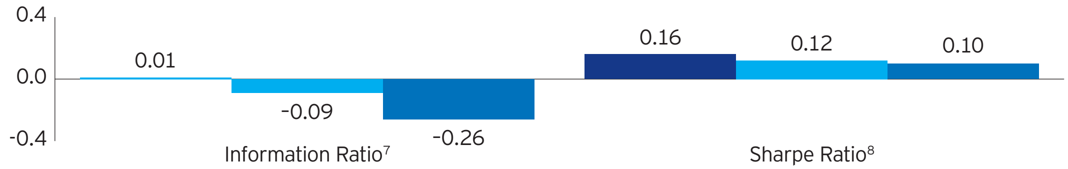
Class A shares were rated 4 stars overall among 701 Diversified Emerging Markets funds. Morningstar measures risk-adjusted returns. The overall rating is a weighted average based on the fund's 3-, 5- and 10-year rating as of 9/30/19.[3] Silver rating is based on **Morningstar Analyst Rating.™ [4]**

Actively managed funds have outperformed passively managed funds within the Morningstar Diversified Emerging Markets category, **3 out of the last 5** calendar years.*

94% of top quartile funds for the 5-year period were actively managed.[5]

*Period from 1/1/2014-12/31/2018.

5-Year Risk-Adjusted Performance as of September 30, 2019[6,9]



■ Invesco Oppenheimer Developing Markets Fund, Class A ■ Actively Managed Funds ■ Passively Managed Funds

Performance Data as of 9/30/19[3]	1 year	3 year	5 year	10 year	15 year	20 year	Since Inception*
Class A Shares Without Sales Charge	2.25%	7.60%	2.39%	5.50%	10.13%	11.86%	11.27%
Class A Shares With 5.50% Max Sales Charge	-3.38	5.59	1.24	4.91	9.72	11.54	11.00
Class Y Shares	2.50	7.87	2.65	5.80	-	-	8.25
Class R6 Shares	2.65	8.05	2.83	-	-	-	-
MSCI EM Index**	-2.02	5.97	2.33	3.37	7.82	-	-
Morningstar Diversified Emerging Markets Category Average	-0.03	5.06	1.66	3.40	7.53	7.59	5.74
Morningstar Percentile Ranking Diversified Emerging Markets Category (Class A Shares)	28th	16th	38th	7th	1st	-	-
Morningstar Peer Ranking Diversified Emerging Markets Category (Class A Shares)	#290/839	#111/701	#232/569	#21/243	# 2/118	-	-

Annual Expense Ratios: A Shares Gross 1.26%, Y Shares Gross 1.01%, R6 Shares Gross 0.85%. Class Y Inception date: 9/7/05

*Inception date returns for the index are based on Class A share inception date of 11/18/96. Class Y share inception date as of 9/7/05. **Returns for the MSCI EM Index are NR USD for the 1-, 3-, 5-, 10- and 15-year periods. The GR USD return stream was used for the 20-year and since inception returns as the NR USD was not in existence on 11/18/96. GR" stands for Gross Return. "NR" stands for Net Return.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com 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 so that you may have a gain or a loss when you sell shares. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. 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. 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. Y shares are generally intended for certain investors, such as wrap-fee based programs or commissionable brokerage platforms that charge sales commission.

3 The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Invesco Oppenheimer Developing Markets Fund was rated against the following number of Diversified Emerging Mkts funds over the following time periods: For the 3-, 5- and 10- year periods, respectively, the fund was rated 4, 3 and 5 stars among 701 funds in the last three years, 569 funds in the last five years, and 243 funds in the last ten years. Morningstar Rating is for the A share class only; other classes may have different performance characteristics. Ratings do not consider sales charges and are subject to change monthly. Past performance does not guarantee future results. **4** The Morningstar Analyst Rating is not a credit or risk rating, but a subjective evaluation performed by the analysts of Morningstar, Inc. (Mstar). Mstar evaluates funds based on five key pillars (process, performance, people, parent and price). Mstar's analysts use this evaluation to identify funds they believe are more likely to outperform over the long term on a risk-adjusted basis. Analysts consider quantitative and qualitative factors and the weightings of each pillar may vary. The Analyst Rating reflects overall assessment and is overseen by Morningstar's Analyst Rating Committee. The analyst rating scale is five-tiered, with three positive ratings (Gold, Silver, Bronze), a Neutral rating and a Negative rating, with Gold being the highest rating and Negative being the lowest rating. The Mstar Analyst Ratings should not be used as the sole basis in evaluating a mutual fund and are based on Mstar's current expectations about future events. Mstar does not represent ratings as a guarantee. Analyst Ratings involve unknown risks and uncertainties which may cause Mstar's expectations not to occur or to differ significantly. **5** As of 9/30/19 within the Morningstar Diversified EM category. **6** Actively managed funds and passively managed funds are represented by the US Fund Diversified Emerging Markets Equity Category. **7** Information Ratio is defined as a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return, and dividing the result (the excess return) by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance. **8** Sharpe Ratio: A risk-adjusted measure that measures reward per unit of risk. The higher the Sharpe Ratio, the better. The numerator is the difference between the portfolio's annualized return and the annualized return of a risk-free instrument. The denominator is the portfolio's annualized standard deviation (population). **9** As with any comparison, investors should be aware of the material differences between active and passive strategies. Unlike passive strategies, active strategies have the ability to react to market changes and the potential to outperform a stated benchmark. Other differences include, but are not limited to, expenses, management style and liquidity. Investors should consult their financial adviser before investing.

About Risk: Foreign investments may be volatile and involve additional expenses and special risks, including currency fluctuations, foreign taxes, regulatory and geopolitical risks. Emerging and developing market investments may be especially volatile. Eurozone investments may be subject to volatility and liquidity issues. Investments in securities of growth companies may be volatile. Mid-sized company stock is typically more volatile than that of larger company stock. It may take a substantial period of time to realize a gain on an investment in a mid-sized company, if any gain is realized at all. Investing significantly in a particular region, industry, sector or issuer may increase volatility and risk. These views represent the opinions of Invesco and are not intended as investment advice or to predict or depict the performance of any investment.

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