Three Reasons Why Emerging Market Equities Remain an Important Allocation in a Portfolio

Quick Facts

Despite the medium-term challenges that many emerging market (EM) economies are facing, we believe that in the long term, a backdrop of a recovery in EM growth, a weaker US dollar and continued low global rates are favorable for EM equities. Continued structural reforms and a larger pipeline of IPOs also present compelling long-term opportunities for investors.

Invesco

1 Structural Growth and Reform Will Help Fuel EM Investment Opportunities

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. Even at a slower pace of 3%-5% annually over the long term, China could account for 30%-50% of global GDP growth.

Over the long term, we believe that growth in EM will recover cyclically and that EM structural growth may improve with reforms. While this likely will not be a linear recovery across emerging markets, we do believe this environment can create compelling opportunities for bottom-up investors.

Looking forward, as the environment normalizes, the potential for fiscal and monetary reform may also help bolster long-term investment opportunities.

In certain markets, rising levels of education have created a talented work pool, and the increased affordability of health care has created increasing demand, both leading to exciting investment opportunities in biologics, biosimilars and contract manufacturing of those therapies.

2 EM Is Growing Richer with Disruptive Opportunities[1]

We believe that EM equities will have a larger pipeline of consumer and new economy IPOs deepening the breadth of opportunity in the emerging world for investors. While China is likely to remain the largest growth story globally, we see the potential for the emerging world to leapfrog past the developed world in areas such as fintech, e-commerce and O2O (online to offline) in Southeast Asia and Latin America.

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]

High quality 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 12/31/19. 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

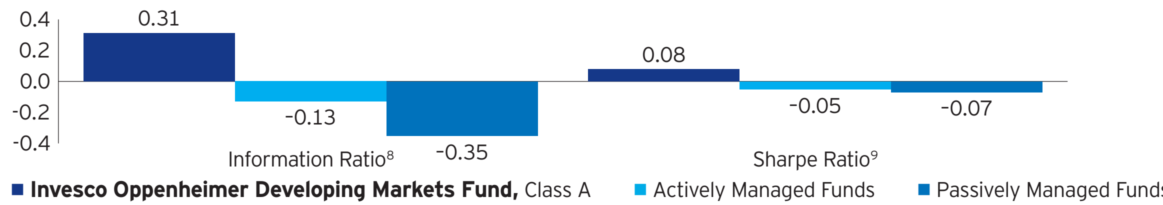
Class A shares were rated 5 stars overall among 707 Diversified Emerging Markets funds. Morningstar measures risk-adjusted returns. The overall rating is a weighted average based on the fund's 3-, 5- and 10-year rating as of 3/31/20.[3] Silver rating is based on **Morningstar Analyst Rating.™ [4]**

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

97% of top quartile funds for the 5-year period were actively managed.[5]

*Period from 1/1/2015-3/31/2020.

5-Year Risk-Adjusted Performance as of March 31, 2020[6,7]



Performance Data as of 3/31/20[3]	1 year	3 year	5 year	10 year	15 year	20 year	Since Inception*
Class A Shares without sales charge	-14.86%	0.67%	1.06%	2.74%	7.54%	8.35%	11.68%
Class A Shares with 5.50% max sales charge	-19.55	-1.21	-0.07	2.16	7.13	8.04	11.41
Class Y Shares	-14.65	0.92	1.31	3.03	–	–	8.95
Class R6 Shares	-14.50	1.09	1.49	–	–	–	7.21
MSCI EM Index**	-17.69	-1.62	-0.37	0.68	5.44	–	-
Morningstar Percentile Ranking Diversified Emerging Markets Category (Class A Shares)	22nd	21st	16th	8th	3rd	–	-
Morningstar Peer Ranking Diversified Emerging Markets Category (Class A Shares)	#213/825	#109/707	#101/580	#25/237	#3/122	–	-

Annual Expense Ratios: A Shares Gross 1.24%, Y Shares Gross 1.00%, R6 Shares Gross 0.83%. 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 Morningstar ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on the downward variations and rewarding consistent performance. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Ratings are calculated for funds with at least a three year history. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable, excluding sales charges and including fees and expenses. Had fees not been waived and/or expenses reimbursed currently or in the past, the Morningstar rating would have been lower. Class A shares received 5 stars for the overall, 4 stars for the three years, 4 stars for the five years and 5 stars for the 10 years. The fund was rated among 707, 707, 580, and 237 funds within the Morningstar Diversified EM Category of the overall period, three, five and 10 years, respectively. Morningstar ratings are as of March 31, 2020, the most recent data available, and are subject to change every month. The top 10% of funds in a category receive five stars, the next 22.5% four stars, the next 35% three stars, the next 22.5% two stars and the bottom 10% one star. Ratings for other share classes may differ due to different performance character. **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. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.** **4** The Morningstar Analyst Rating™ is a subjective evaluation performed by Morningstar's manager research group based on five key pillars: process, performance, people, parent and price. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, Negative. The top three ratings indicate the corresponding level of analyst conviction in the ability of a 529 plan's investment options to collectively outperform their respective benchmarks and peers through time, within the context of the level of risk taken. Gold plans are the highest-conviction recommendations and stand out as best of breed for their investment mandate. Silver plans are high conviction and have notable advantages across several, but not all, five pillars. Bronze plans have advantages that clearly outweigh any disadvantages across the pillars. Ratings are continuously monitored and reevaluated at least every 14 months. While these ratings can help with the selection process, they should not be the only factor used to choose the investment and do not represent guarantees, credit or risk ratings. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf. **5** MSCI EM Quality Index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage. **6** Actively managed funds and passively managed funds are represented by the US Fund Diversified Emerging Markets Equity Category. **7** 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. **8** 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. **9** 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).

About Risk: 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.

NOT FDIC INSURED   MAY LOSE VALUE   NO BANK GUARANTEE

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.

Before investing in any of the Invesco funds, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting invesco.com or calling 1-800-959-4246. Read prospectuses and summary prospectuses carefully before investing.

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