

# Invesco International Diversified Fund

## Q1 2026

## Key takeaways

**1 International Diversified Fund provides broad international exposure**

Invesco International Diversified Fund offers investors broad-based exposure to non-US equities by combining six portfolios that have varied individual mandates regarding region, style and company size.

**2 The fund trailed its benchmark in the first quarter**

Invesco International Diversified Fund Class A shares at net asset value (NAV) underperformed the MSCI ACWI ex USA Index during the quarter.

**3 New strategic asset allocation designed to enhance diversification**

Last year, the fund repositioned from a growth-oriented bias to a more balanced core strategy, with exposure to value and growth styles. The new positioning was beneficial during the quarter as investors appeared to rotate into non-US cyclical and defensive stocks.

### Investment objective

The fund seeks capital appreciation.

### Fund facts

Fund AUM (\$M)	1,332.15
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### Portfolio managers

Robert Dunphy

## Manager perspective and outlook

- Global equities experienced a volatile first quarter as renewed tariff measures, concerns about technology spending and geopolitical escalation in the Middle East shifted investor focus from growth to inflation risks. Energy supply disruptions drove robust commodities performance, while equities broadly sold off amid heightened risk aversion and a stronger US dollar. Regional equity performance diverged. Japanese equities performed well, supported by a weaker yen and expectations of additional fiscal stimulus, while European equities declined amid rising energy costs. UK equities had a positive return, benefiting from commodities exposure and currency weakness. Emerging market equities edged lower despite strength in South Korea and Taiwan, as artificial intelligence-related (AI) optimism faded. US equities lagged amid increased scrutiny of technology valuations and capital expenditures. Both the technology sector and the broader global equity market weakened toward quarter end.



## Top issuers

(% of total market value)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	5.65	4.10
Samsung Electronics Co Ltd	3.08	1.75
Tencent Holdings Ltd	2.29	1.19
AIA Group Ltd	1.93	0.34
Alibaba Group Holding Ltd	1.64	0.79
BAE Systems PLC	1.56	0.26
Reliance Industries Ltd	1.55	0.26
HDFC Bank Ltd	1.28	0.27
Anheuser-Busch InBev	1.26	0.21
Banco Santander SA	1.23	0.49

As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

International Diversified Fund offers investors broad-based exposure to non-US equities with a single portfolio by combining six underlying portfolios that have slightly varied individual mandates regarding region, style and company size.

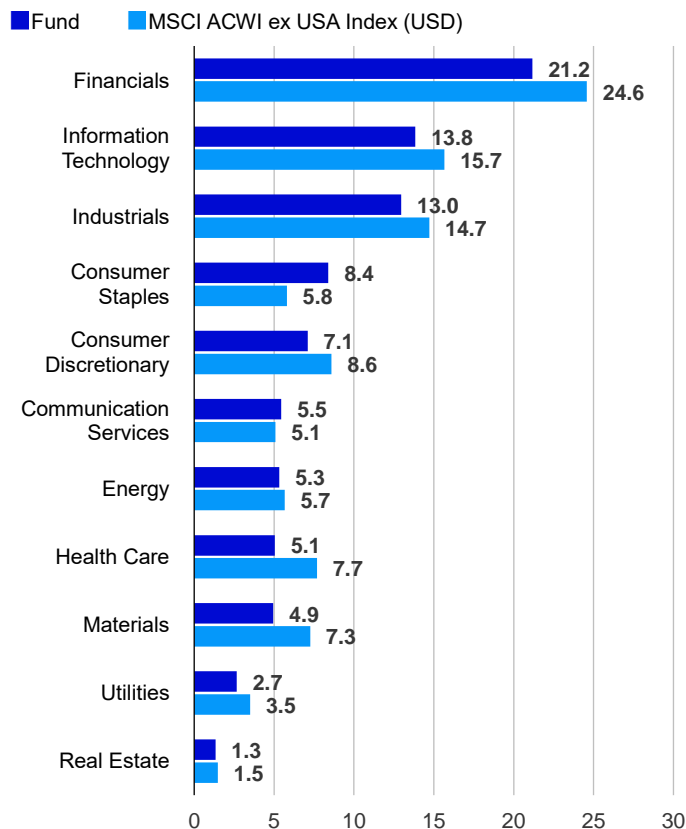
In August of 2025, we added two new underlying funds, Invesco International Value Fund and Invesco International Growth Focus ETF, to the investment lineup and strategically rebalanced the fund allocations to the following:

- Invesco International Small-Mid Company Fund: 15%
- Invesco EQV International Equity Fund: 10%
- Invesco Developing Markets Fund: 20%
- Invesco International Growth Fund: 10%
- Invesco International Growth Focus ETF: 10%
- Invesco International Value Fund: 35%

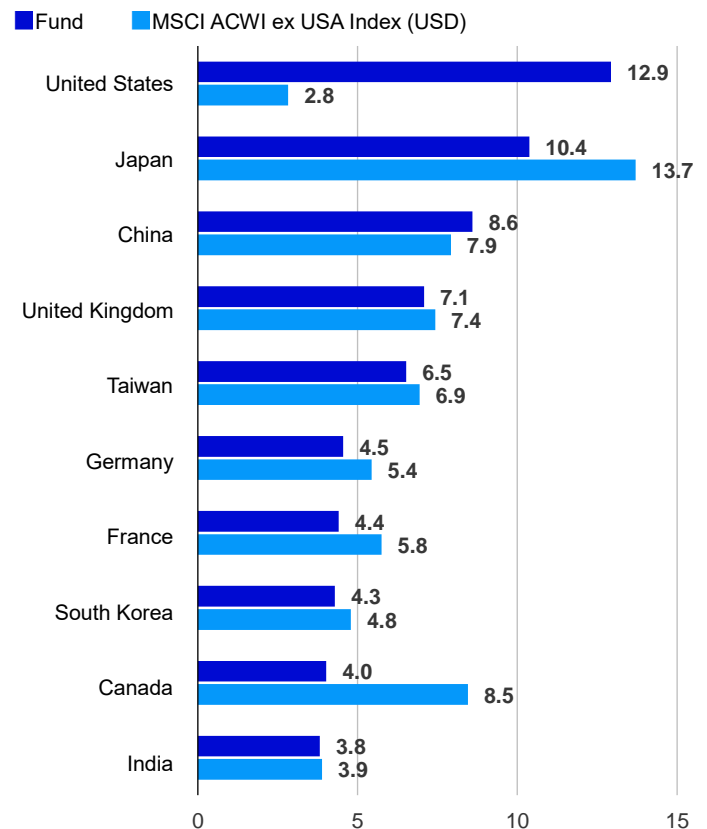
We had revisited the weightings as part of our standard quarterly review process, which includes a 3- to 5-year view based on scenario analysis and determination of the most attractive risk/reward profile, as well as a qualitative overlay based on the economic view and future market outlook.

For the first time last year, this review process included an actively managed International Value strategy. The inclusion of an International Value strategy allowed us to broaden and further diversify the fund's overall style exposure, which until then had a growth tilt. We believe the inclusion of the International Growth Focus ETF further enhances the fund's overall risk/reward profile by providing a more high-octane growth portfolio. The new investment lineup and strategic allocation delivers a core portfolio with a blend-style exposure that we believe best serves International Diversified Fund's shareholders over the long term. This was only the seventh allocation change to the fund since its inception in 2005. As markets evolve, it is reasonable to expect more frequent allocation changes than we have made in the past.

## Sector breakdown (% of total market value)



## Top countries (% of total market value)



## Top contributors (%)

Issuer	Return	Contrib. to return
Samsung Electronics Co., Ltd.	33.74	0.78
Taiwan Semiconductor Manufacturing Company Limited	11.95	0.40
Suncor Energy Inc.	49.49	0.40
BAE Systems plc	25.84	0.30
Petroleo Brasileiro S.A.	75.11	0.30

## Top detractors (%)

Issuer	Return	Contrib. to return
HDFC Bank Limited	-31.00	-0.54
Tencent Holdings Limited	-19.78	-0.49
Reliance Industries Limited	-17.51	-0.27
Alibaba Group Holding Limited	-16.33	-0.27
EPAM Systems, Inc.	-33.91	-0.25

## Performance highlights

From a sector perspective, stock selection in information technology, consumer staples and consumer discretionary had the largest positive effects on relative performance. Geographically, stock selection in South Korea and Taiwan and an overweight in Brazil were the largest contributors to relative return.

From a sector perspective, the largest detractors from relative performance were stock selection in financials, health care and communication services. An overweight in communication services also hurt. Geographically, stock selection in India, Italy and France counted among the largest detractors from relative return.

## Contributors to performance

Following are the performance and contributions of the underlying portfolios that added to absolute return: International Value Fund returned 3.36%, contributing 1.06% to absolute return and Developing Markets Fund returned 3.09%, contributing 0.49% to absolute return.

## Detractors from performance

Following are the performance of underlying portfolios that detracted from absolute return: EQV International Equity returned -3.69%, subtracting 0.32% from absolute return, International Small-Mid Company Fund returned -4.06%, subtracting 0.51% from absolute return, International Growth Fund returned -7.52%, subtracting 0.64% from absolute return, and International Growth Focus ETF returned -7.96%, subtracting 0.75% from absolute return.

## Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 09/27/05	NAV	-0.75	-0.75	18.18	7.23	0.99	5.94	5.80
	<b>Max. Load 5.5%</b>	-6.18	-6.18	11.65	5.24	-0.14	5.34	5.51
Class R6 shares inception: 08/28/12	NAV	-0.65	-0.65	18.58	7.64	1.38	6.36	6.86
Class Y shares inception: 09/27/05	NAV	-0.66	-0.66	18.47	7.50	1.25	6.21	6.11
MSCI ACWI ex USA Index (USD)		-0.71	-0.71	24.91	14.49	7.02	8.38	-
Total return ranking vs. Morningstar Foreign Large Blend category (Class A shares at NAV)		-	-	80% (543 of 685)	98% (647 of 656)	99% (609 of 618)	95% (465 of 487)	-

Expense ratios per the current prospectus: Class A: Net: 1.31%, Total: 1.31%; Class R6: Net: 0.92%, Total: 0.92%; Class Y: Net: 1.06%, Total: 1.06%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](http://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. Returns less than one year are cumulative; all others are annualized. 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 source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

## Performance highlights (cont'd)

### Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	0.63	32.40	-14.61	24.60	20.56	3.89	-25.32	15.43	-2.53	21.06
Class R6 shares at NAV	1.03	32.97	-14.27	25.15	20.99	4.31	-25.02	15.86	-2.21	21.54
Class Y shares at NAV	0.86	32.76	-14.44	25.06	20.83	4.17	-25.15	15.74	-2.35	21.37
MSCI ACWI ex USA Index (USD)	4.50	27.19	-14.20	21.51	10.65	7.82	-16.00	15.62	5.53	32.39

### Portfolio characteristics\*

	Fund	Index
No. of holdings	357	1,977
Top 10 issuers (% of AUM)	26.64	13.50
Wtd. avg. mkt. cap (\$M)	187,562	162,932
Price/earnings	17.10	17.26
Price to book	2.28	2.27
Est. 3 – 5 year EPS growth (%)	12.98	12.61
ROE (%)	16.51	17.10
Long-term debt to capital (%)	27.34	27.54
Operating margin (%)	21.29	21.12

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-5.66	0.00
Beta	1.05	1.00
Sharpe ratio	-0.15	0.24
Information ratio	-1.21	0.00
Standard dev. (%)	16.47	14.98
Tracking error (%)	4.96	0.00
Up capture (%)	93.00	100.00
Down capture (%)	115.06	100.00
Max. drawdown (%)	36.64	27.87

## Quarterly performance attribution

### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.09	-0.29	-0.37
Consumer Discretionary	0.01	-0.10	-0.09
Consumer Staples	-0.04	0.52	0.48
Energy	-0.03	-0.30	-0.34
Financials	0.05	-0.72	-0.67
Health Care	0.03	-0.55	-0.52
Industrials	-0.01	0.02	0.01
Information Technology	0.02	0.03	0.05
Materials	-0.09	-0.21	-0.30
Other	0.00	0.00	0.00
Real Estate	0.00	0.05	0.05
Utilities	-0.05	0.07	0.03
Cash	0.01	0.00	0.01
<b>Total</b>	<b>-0.19</b>	<b>-1.47</b>	<b>-1.66</b>

Holdings are subject to change and are not buy/sell recommendations. Attribution methodology notes: The attribution provides analysis of the effects of several portfolio management decisions, including allocation and security selection. Securities classified as "Other" may include non-equity securities, derivatives, and securities for which a sector classification may not be appropriate. The portfolio is actively managed and portfolio holdings are subject to change. The percentage weights represented for the portfolio are dollar weighted based on market value. **Market allocation effect** shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Selection effect** shows the excess contribution due to security selection. A positive selection effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Total effect** is the difference in contribution between the benchmark and portfolio. **Past performance does not guarantee future results.**

### Region performance analysis (%)

Region	Allocation effect	Selection effect	Total effect
<b>Developed</b>	<b>0.02</b>	<b>-1.78</b>	<b>-1.76</b>
<b>Emerging</b>	<b>0.03</b>	<b>0.07</b>	<b>0.10</b>
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>	<b>0.05</b>	<b>-1.71</b>	<b>-1.66</b>

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## Performance attribution (cont'd)

### Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Brazil	0.36	3.08	21.73
South Korea	0.31	5.04	23.92
Canada	0.13	4.69	5.82
Mexico	0.13	1.48	11.90
Germany	0.12	5.58	-6.65

### Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-0.65	3.98	-15.83
France	-0.48	6.27	-12.61
Italy	-0.40	2.31	-18.14
China	-0.24	9.74	-9.41
India	-0.22	4.36	-21.47

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to MSCI ACWI ex USA Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The MSCI All Country (AC) World Ex-U.S. Index is an index considered representative of developed and emerging market stock markets, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors. An investment cannot be made directly in an index.

#### About Risk

To the extent the fund invests a greater amount in any one sector or industry, there is increased risk to the fund if conditions adversely affect that sector or industry.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

The fund is subject to the risks of the underlying funds. Market fluctuations may change the target weightings in the underlying funds and certain factors may cause the fund to withdraw its investments therein at a disadvantageous time.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

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.

The Fund is considered non-diversified and may experience greater volatility than a more diversified investment.

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.

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.

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.

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 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.

\* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period. **Weighted Average Market Cap** is a measure of the average size of company held in a portfolio. The percentage of the portfolio invested each company, or its weight, is multiplied by its size (market capitalization). An average of the weighted size of all companies held is then calculated. **Price/earnings** measures the price per share relative to the earnings per share of the company while excluding extraordinary items. **Price to book** measures the firm's capitalization (market price) to book value. **Est. 3-5 year EPS (Earning per share) growth** measures the earning per share growth from FY3 to FY5. **ROE** is the Return on Equity that measures the fund's annual return relative to total shareholders' equity. This ratio evaluates how quickly investments can be turned into profits. **Long-term debt to capital** measures a fund's financial leverage by calculating the proportion of long-term debt used to finance its assets relative to the amount of equity used for the same purpose. A higher ratio indicates higher leverage. **Operating margin** measures the profit a fund makes for every dollar of sales after paying the variable expenses. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

#### Morningstar

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**Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.**