

# Invesco International Diversified Fund

## Q1 2025

## 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 four portfolios that have varied individual mandates regarding region and company size.

### 2 The fund underperformed its benchmark in the first quarter due to its high-quality characteristics

Invesco International Diversified Fund Class A shares at NAV underperformed the MSCI ACWI ex USA Index and the Morningstar Foreign Large Growth peer group (2.89%) during the quarter due to its quality characteristics.

### 3 International equity markets outperformed the US

Apparent uncertainty about US industrial, tax and trade policy held back US stocks. In Europe, governments raised debt limits to enable increased defense spending and the European Central Bank lowered interest rates. Both actions supported equity markets there.

#### Investment objective

The fund seeks capital appreciation.

#### Fund facts

Fund AUM (\$M)	1,476.93
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#### Portfolio managers

Robert Dunphy

## Manager perspective and outlook

- During the quarter, apparent uncertainty about US industrial, tax and trade policy dampened equity market performance, particularly in the US. International equity markets outperformed. European markets were supported by expectations for increased spending as Germany raised permissible debt levels to fund defense in response to a structural reduction in US support.
- In this environment, the fund underperformed its benchmark. Apparent tariff tax uncertainty clouded visibility on future cash flow projections so investors appeared to generally prefer companies with shorter duration outlooks.
- As of two days after the announcement of US import tariffs on April 2nd, all equity markets had declined in response and international markets, where consumer price increases have less direct effects, had continued to outperform US equities.



## Top issuers

(% of total net assets)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	3.31	2.51
Tencent Holdings Ltd	2.02	1.53
AstraZeneca PLC	1.22	0.84
London Stock Exchange Group PLC	1.16	0.26
HDFC Bank Ltd	1.15	0.45
BAE Systems PLC	1.13	0.23
Meituan	1.07	0.37
H World Group Ltd	1.06	0.03
Kotak Mahindra Bank Ltd	1.04	0.10
Alibaba Group Holding Ltd	1.01	0.99

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

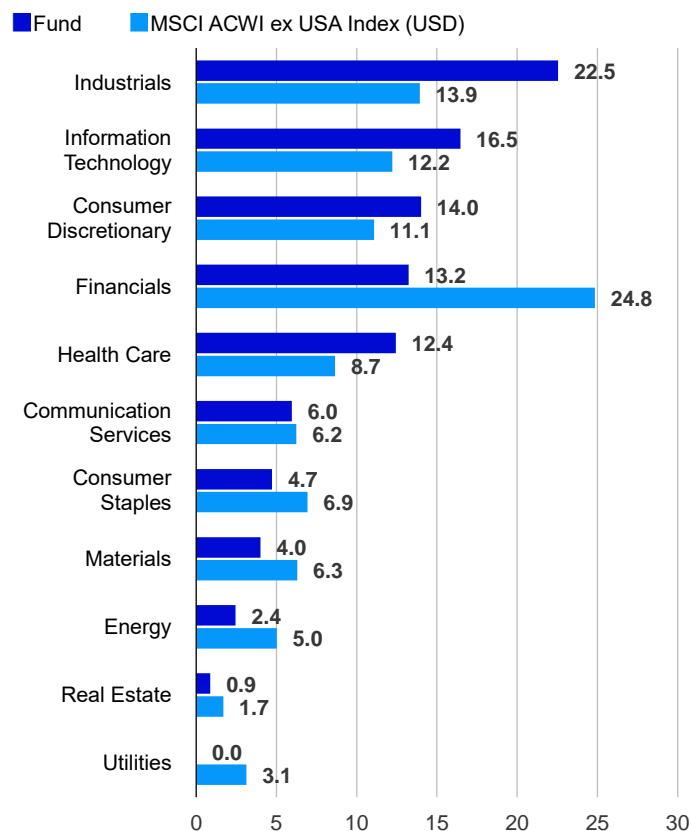
International Diversified Fund offers investors broad-based exposure to non-US equities with a single portfolio by combining four underlying portfolios that have varied individual mandates regarding region and company size.

We made no material changes to the fund's composition during the quarter. Changes in relative weights from the end of 2024 resulted from market action. At quarter end, the fund's asset allocation was as follows: International Small-Mid Company Fund 29.64%, International Growth Fund 24.74%, EQV International Equity Fund 24.70%, and Developing Markets Fund 19.97%.

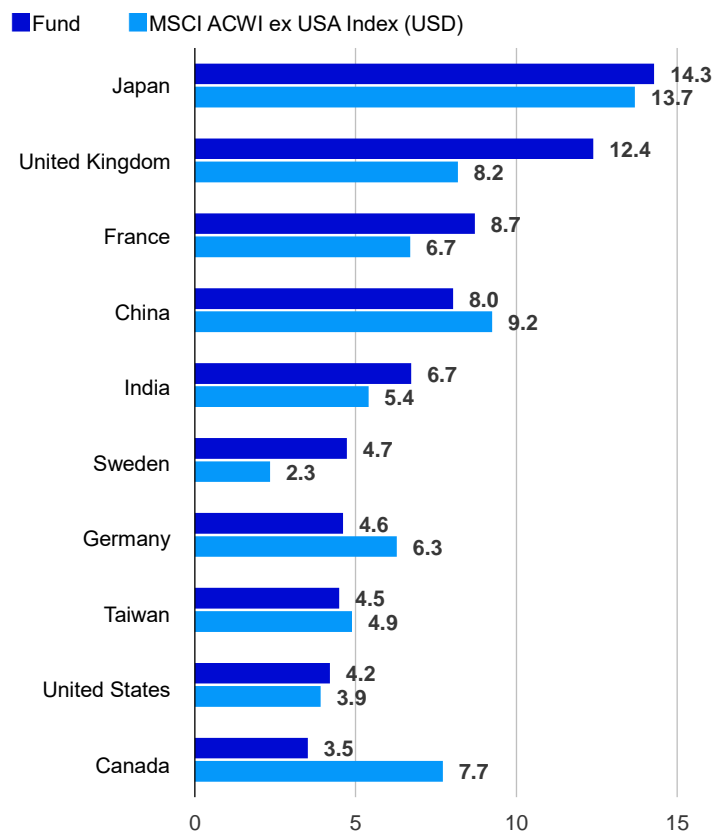
Looking ahead, growth rate forecasts have naturally been lowered and recession is in our view a significant possibility, as is inflation from higher prices on imported and domestically produced goods. Earnings of the fund's companies are driven by structural growth trends. In our experience, during periods of recession, positive secular trends have continued to grow at a faster rate than the average economy.

The fund's underlying portfolios have a bias toward companies with strong pricing power, which in our view should support profit margins during inflationary periods.

## Sector breakdown (% of total net assets)



## Top countries (% of total net assets)



## Top contributors (%)

Issuer	Return	Contrib. to return
Alibaba Group Holding Limited	55.95	0.32
BAE Systems plc	40.32	0.31
Tencent Holdings Limited	19.75	0.29
Carl Zeiss Meditec AG	41.37	0.25
Kotak Mahindra Bank Limited	21.62	0.19

## Top detractors (%)

Issuer	Return	Contrib. to return
Taiwan Semiconductor Manufacturing Company Limited	-13.67	-0.50
Novo Nordisk A/S	-20.07	-0.17
Trainline plc	-33.95	-0.16
EPAM Systems, Inc.	-27.79	-0.14
ICON plc	-16.56	-0.14

## Performance highlights

From a sector perspective, there were no contributors to relative performance during the quarter. Geographically, stock selection in Japan and underweights in Australia and Taiwan were the largest contributors to relative return.

From a sector perspective, the largest detractors from relative performance were stock selection in industrials and health care. The fund's underweight in financials also hurt relative results. Geographically, stock selection in the UK, France and Italy negatively affected relative return.

### Contributors to performance

Following are the performance and contributions of the underlying portfolios that added to absolute return: International Small-Mid Company returned 2.73% and contributed 0.80% to absolute return, International Growth returned 0.73% and contributed 0.21% to absolute return, EQV International Equity returned 1.28% and contributed 0.34% to absolute return, and Developing Markets Fund returned 2.50% and contributed 0.48% to absolute return.

### Detractors from performance

None of the four underlying portfolios detracted from absolute return.

## Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 09/27/05	NAV	1.67	1.67	-3.71	-0.14	6.29	3.95	5.21
	Max. Load 5.5%	-3.91	-3.91	-9.03	-2.00	5.09	3.36	4.90
Class R6 shares inception: 08/28/12	NAV	1.83	1.83	-3.29	0.25	6.70	4.38	5.99
Class Y shares inception: 09/27/05	NAV	1.77	1.77	-3.44	0.10	6.55	4.22	5.51
MSCI ACWI ex USA Index (USD)		5.23	5.23	6.09	4.48	10.92	4.98	-
Total return ranking vs. Morningstar Foreign Large Growth category (Class A shares at NAV)		-	-	77% (313 of 389)	83% (308 of 369)	85% (292 of 335)	85% (186 of 216)	-

Expense ratios per the current prospectus: Class A: Net: 1.29%, Total: 1.29%; Class R6: Net: 0.92%, Total: 0.92%; Class Y: Net: 1.04%, Total: 1.04%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	0.67	0.63	32.40	-14.61	24.60	20.56	3.89	-25.32	15.43	-2.53
Class R6 shares at NAV	1.12	1.03	32.97	-14.27	25.15	20.99	4.31	-25.02	15.86	-2.21
Class Y shares at NAV	0.93	0.86	32.76	-14.44	25.06	20.83	4.17	-25.15	15.74	-2.35
MSCI ACWI ex USA Index (USD)	-5.66	4.50	27.19	-14.20	21.51	10.65	7.82	-16.00	15.62	5.53

### Portfolio characteristics\*

	Fund	Index
No. of holdings	325	1,982
Top 10 issuers (% of AUM)	14.44	11.33
Wtd. avg. mkt. cap (\$M)	93,417	105,157
Price/earnings	20.76	15.60
Price to book	3.26	1.95
Est. 3 – 5 year EPS growth (%)	11.69	10.66
ROE (%)	18.49	15.46
Long-term debt to capital (%)	24.05	28.44
Operating margin (%)	22.52	19.61

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-4.62	0.00
Beta	1.08	1.00
Sharpe ratio	0.21	0.54
Information ratio	-0.90	0.00
Standard dev. (%)	17.42	15.40
Tracking error (%)	5.17	0.00
Up capture (%)	101.86	100.00
Down capture (%)	116.26	100.00
Max. drawdown (%)	36.64	27.87

## Quarterly performance attribution

### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.04	0.02	-0.02
Consumer Discretionary	-0.03	-0.25	-0.28
Consumer Staples	-0.03	-0.20	-0.23
Energy	-0.07	0.04	-0.03
Financials	-0.59	-0.03	-0.62
Health Care	-0.09	-0.40	-0.50
Industrials	0.03	-0.71	-0.68
Information Technology	-0.47	0.26	-0.21
Materials	-0.02	-0.33	-0.35
Other	-0.21	0.07	-0.14
Real Estate	0.04	-0.17	-0.13
Utilities	-0.11	0.00	-0.11
Cash	-0.08	0.00	-0.08
<b>Total</b>	<b>-1.68</b>	<b>-1.69</b>	<b>-3.38</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>0.01</b>	<b>-3.25</b>	<b>-3.23</b>
Africa/Mideast	0.02	-0.19	-0.18
Asia/Pacific Ex Japan	0.21	-0.13	0.09
Europe	0.31	-2.89	-2.59
Japan	0.03	0.12	0.15
North America	0.04	-0.75	-0.71
<b>Emerging</b>	<b>0.07</b>	<b>-0.13</b>	<b>-0.06</b>
Africa/Mideast	-0.02	-0.05	-0.06
Asia/Pacific Ex Japan	0.10	-0.14	-0.04
Europe	-0.04	-0.03	-0.07
Latin America	0.20	-0.09	0.11
<b>Cash</b>	<b>-0.08</b>	<b>0.00</b>	<b>-0.08</b>
<b>Total</b>	<b>0.00</b>	<b>-3.37</b>	<b>-3.38</b>

## Performance attribution (cont'd)

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

	Total effect	Avg. weight	Total return
Japan	0.15	13.71	1.30
Australia	0.14	1.68	-11.26
Taiwan	0.13	5.34	-10.74
Canada	0.11	3.56	-1.33
India	0.10	6.06	-0.93

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

	Total effect	Avg. weight	Total return
United Kingdom	-0.90	13.92	1.77
United States	-0.82	3.47	-13.53
France	-0.55	8.61	2.91
China	-0.32	7.20	11.30
Italy	-0.27	2.56	2.31

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to MSCI ACWI ex USA Index (USD).

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 an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

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.**