

Invesco Developing Markets Fund

Q1 2026

Key takeaways

1 The fund outperformed its benchmark
Invesco Developing Markets Fund Class A shares at net asset value outperformed the MSCI EM Index in the first quarter of 2026. Stock selection in energy was the largest contributor to relative return.

2 Greater focus on real assets
Investors appear to be navigating three forces: the artificial intelligence (AI) investment cycle, renewed focus on physical over intangible assets, and geopolitical risk. Energy, mining and infrastructure are underinvested areas that appear attractive from a capital-cycle perspective.

3 Geopolitics dominated market sentiment
War in Iran and the broader Middle East appeared to lead to gyrating markets. While geopolitical risks have persisted, many emerging market companies appear to maintain strong balance sheets and competitive advantages, suggesting, in our view, resilience that is not fully reflected in current valuations.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M) 8,308.23

Portfolio managers

Charles Bond, Ian Hargreaves, Matthew Pigott, William Lam

Manager perspective and outlook

- Emerging market equities returned -0.17% in the first quarter of 2026, notably outperforming developed markets as the MSCI EAFE Index returned -1.12% and the US S&P 500 Index returned -4.33% amid a challenging global equity environment.
- Geopolitical developments, particularly in Iran and the broader Middle East, appeared to add a layer of complexity for emerging market investors. The Strait of Hormuz has remained a critical conduit for global energy flows, especially to Asia, and ongoing tensions had implications for energy prices. While higher oil prices historically tend to support net energy exporters within the emerging market universe, they represent potential inflationary pressures and growth headwinds for energy-importing Asian economies.
- The global oil market's shift from perceived oversupply to tighter conditions underscores in our view how quickly macro narratives can change, reinforcing the importance of constructing portfolios that are resilient across a range of outcomes rather than dependent on any single scenario.
- While geopolitical risks have persisted, many emerging market companies appear to maintain strong balance sheets and competitive advantages, suggesting, in our view, resilience that is not fully reflected in current valuations.



Top issuers

(% of total market value)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	12.46	13.29
Samsung Electronics Co Ltd	7.78	5.66
Tencent Holdings Ltd	5.49	3.86
Petroleo Brasileiro SA - Petrobras	4.05	0.80
HDFC Bank Ltd	3.50	0.86
NetEase Inc	3.02	0.37
AIA Group Ltd	2.90	0.00
Vale SA	2.45	0.56
Inner Mongolia Yili Industrial Group Co Ltd	2.26	0.01
Kasikornbank PCL	2.26	0.03

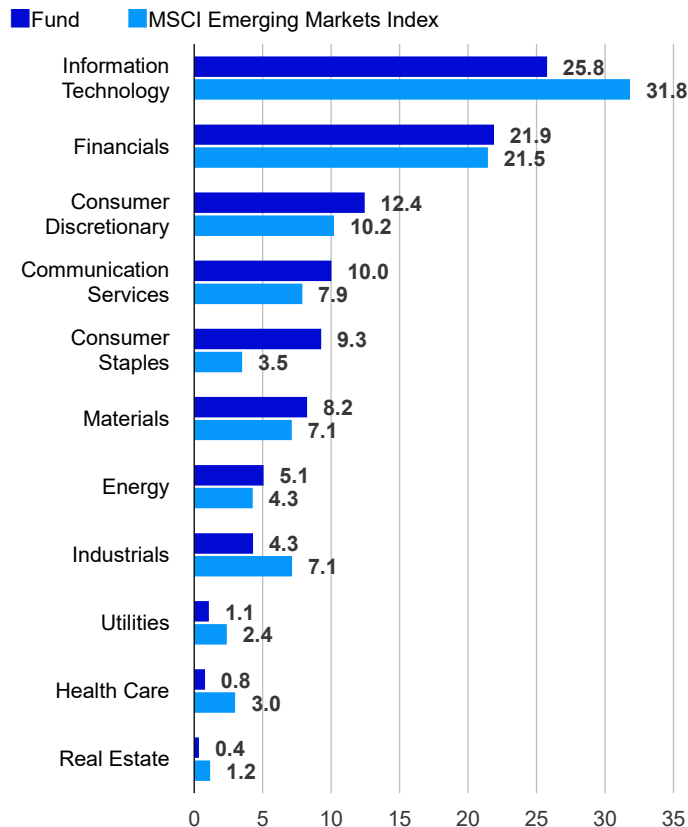
As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

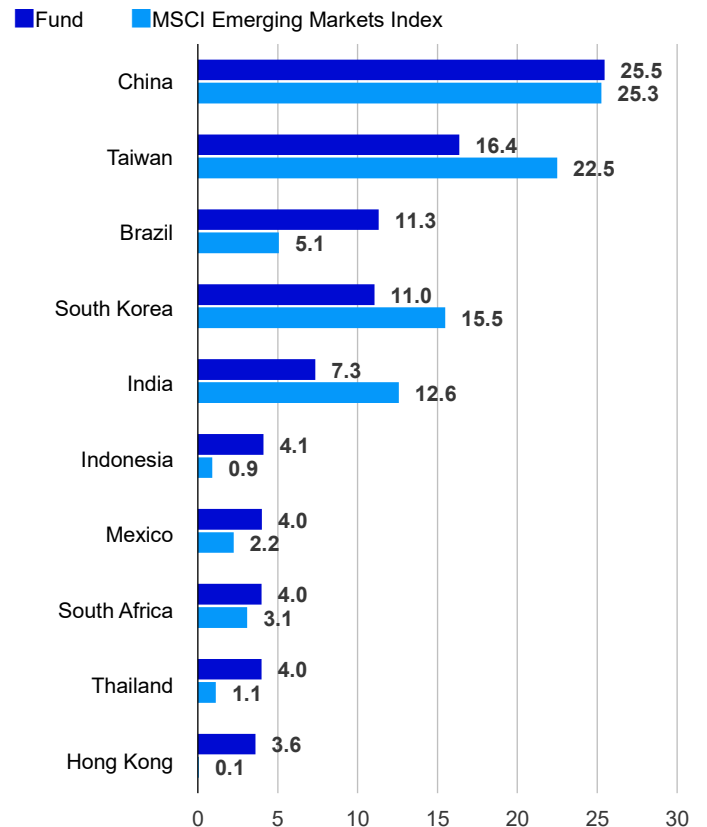
As of quarter end, relative to the MSCI EM Index, the fund was overweight in consumer staples, consumer discretionary, communication services, materials and energy. Conversely, the fund is underweight information technology (IT), industrials, health care, utilities, real estate and financials.

During the quarter, we initiated positions in Bangkok Dusit Medical Services, Koç and Cognizant Technology Solutions. We sold Tata Consultancy and Hyundai Motor. We added to Tencent Music Entertainment and Inner Mongolia Yili Industrial. We trimmed Samsung Electronics, Credicorp and Grupo México.

Sector breakdown (% of total market value)



Top countries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Samsung Electronics Co., Ltd.	38.69	2.40
Taiwan Semiconductor Manufacturing Company Limited	17.84	1.85
Petroleo Brasileiro S.A.	74.36	1.57
Vale S.A.	22.06	0.51
Hyundai Motor Company	66.40	0.36

Top detractors (%)

Issuer	Return	Contrib. to return
HDFC Bank Limited	-29.08	-1.27
Tencent Holdings Limited	-17.78	-1.03
NetEase, Inc.	-17.77	-0.48
EPAM Systems, Inc.	-33.61	-0.41
Tencent Music Entertainment Group	-44.87	-0.31

Performance highlights

Stock selection in energy, consumer discretionary and materials added to relative results. The largest sector detractor was industrials due to stock selection, followed by selection in financials and an overweight and stock selection in communication services.

Geographically, stock selection and an overweight in Brazil added the most to relative return, followed by selection in South Korea and an underweight in India. An overweight in the US (calculated by country of risk) was the largest detractor, followed by stock selection in Thailand and an overweight in Indonesia.

Contributors to absolute performance

Samsung Electronics is a leading manufacturer of consumer and industrial electronics. Earnings estimates rose on the belief that ongoing demand for AI infrastructure would drive prices for its memory chips. We always liked Samsung's strong balance sheet and robust free cash flow, particularly because shareholder return appears near the top of the company's agenda.

Taiwan Semiconductor Manufacturing is one of the world's leading semiconductor foundries and a key enabler of the new computing revolution. It is known for advanced technology, high volume production and a robust customer base, including major technology companies like Apple and NVIDIA (not fund holdings).

Petrobras is Brazil's integrated energy champion with leading offshore oil production, refining and fuel distribution assets. Shares benefited from rising energy prices, strong free cash flow generation and optimism about shareholder distributions. Long term, we view Petrobras as a low cost producer with world class pre salt reserves, offering attractive income and cash flow leverage to energy markets.

Detractors from absolute return

HDFC Bank's shares declined in the first quarter as earnings pressure coincided with an apparent confidence shock following the unexpected resignation of its part-time chairman and independent director. While near-term sentiment toward the company appears challenged, we believe its strong franchise, conservative risk culture and exposure to India's long-term credit growth support its valuation.

Tencent, one of China's leading internet firms, has strong positions in gaming, social media, digital content and cloud services and has been investing heavily in AI infrastructure across its platforms.

NetEase is a leading Chinese internet company known for online and mobile games. The stock underperformed as investors appeared to rotate away from business models thought to be more exposed to AI disruption. We believe its strong cash generation, high quality game pipeline and resilient franchise portfolio should support long-term earnings and shareholder returns.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/18/96	NAV	2.97	2.97	29.08	9.19	-0.10	6.00	9.69
	Max. Load 5.5%	-2.70	-2.70	21.99	7.15	-1.22	5.40	9.48
Class R6 shares inception: 12/29/11	NAV	3.09	3.09	29.59	9.63	0.30	6.43	5.35
Class Y shares inception: 09/07/05	NAV	3.02	3.02	29.36	9.45	0.15	6.26	7.06
MSCI Emerging Markets Index		-0.17	-0.17	29.55	14.84	3.69	7.80	-
Total return ranking vs. Morningstar Diversified Emerging Mkts category (Class A shares at NAV)		-	-	69% (517 of 735)	92% (636 of 694)	90% (546 of 617)	85% (395 of 461)	-

Expense ratios per the current prospectus: Class A: Net: 1.30%, Total: 1.30%; Class R6: Net: 0.88%, Total: 0.88%; Class Y: Net: 1.05%, Total: 1.05%.

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. 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	6.89	34.77	-12.14	23.99	17.22	-7.50	-25.16	11.17	-1.39	28.33
Class R6 shares at NAV	7.38	35.33	-11.79	24.53	17.66	-7.13	-24.85	11.54	-0.97	28.84
Class Y shares at NAV	7.16	35.10	-11.95	24.31	17.51	-7.25	-24.97	11.40	-1.12	28.63
MSCI Emerging Markets Index	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09	9.83	7.50	33.57

Portfolio characteristics*

	Fund	Index
No. of holdings	72	1,204
Top 10 issuers (% of AUM)	44.55	31.85
Wtd. avg. mkt. cap (\$M)	295,280	299,009
Price/earnings	14.85	15.96
Price to book	1.92	2.18
Est. 3 – 5 year EPS growth (%)	14.65	17.25
ROE (%)	17.81	19.72
Long-term debt to capital (%)	19.35	20.22
Operating margin (%)	25.36	25.09

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-3.55	0.00
Beta	0.93	1.00
Sharpe ratio	-0.20	0.02
Information ratio	-0.58	0.00
Standard dev. (%)	17.24	17.09
Tracking error (%)	6.48	0.00
Up capture (%)	76.98	100.00
Down capture (%)	100.46	100.00
Max. drawdown (%)	42.91	35.98

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.27	-0.28	-0.55
Consumer Discretionary	-0.29	1.83	1.54
Consumer Staples	-0.11	0.66	0.55
Energy	0.14	1.56	1.70
Financials	0.04	-0.75	-0.71
Health Care	0.10	0.10	0.19
Industrials	-0.03	-0.82	-0.86
Information Technology	-0.27	0.69	0.42
Materials	0.10	0.66	0.76
Other	-0.01	-0.06	-0.06
Real Estate	0.10	0.08	0.18
Utilities	-0.04	-0.02	-0.07
Cash	0.00	0.00	0.00
Total	-0.55	3.64	3.09

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
Developed	0.01	0.00	0.01
Emerging	0.00	3.16	3.16
Other	-0.07	0.00	-0.07
Cash	0.00	0.00	0.00
Total	-0.07	3.16	3.09

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Brazil	2.22	9.78	34.39
South Korea	0.71	12.03	29.28
India	0.67	8.17	-22.51
Mexico	0.35	3.98	12.37
Portugal	0.33	0.93	39.53

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-0.55	1.60	-30.57
Thailand	-0.38	3.87	-5.45
Indonesia	-0.32	4.33	-11.64
China	-0.20	25.38	-10.07
Singapore	-0.16	0.49	-26.64

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to MSCI Emerging Markets Index.

The MSCI Emerging Markets Index (ND) is an unmanaged index considered representative of stocks of developing countries. The index is computed using the net return, which withholds applicable taxes for non-residents investors. An investment cannot be made directly in an index.

About Risk

In general, stock and other equity securities 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.

Environmental, Social and Governance (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 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.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified investments.

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

The Fund may hold illiquid securities that it may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

Following Russia's invasion of Ukraine in February 2022, various countries, including the U.S., NATO and the European Union, issued broad-ranging economic sanctions against Russia and Belarus. As a result, responses to military actions (and further potential sanctions related to continued military activity), the potential for military escalation and other corresponding events, have had, and could continue to have, severe negative effects on regional and global economic and financial markets, including increased volatility, reduced liquidity, and overall uncertainty. Russia may take additional counter measures or retaliatory actions (including cyberattacks), which could exacerbate negative consequences on global financial markets. The duration of ongoing hostilities, corresponding sanctions and related events cannot be predicted. As a result, the value of an investment in the Fund and its performance may be negatively impacted, particularly as it relates to Russia exposure.

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.

Investing in securities of Chinese companies involves additional risks, including, but not limited to: the economy of China differs, often unfavorably, from the U.S. economy in such respects as structure, general development, government involvement, wealth distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others; the central government has historically exercised substantial control over virtually every sector of the Chinese economy through administrative regulation and/or state ownership; and actions of the Chinese central and local government authorities continue to have a substantial effect on economic conditions in China.

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.