

Invesco Developing Markets Fund

Q2 2025

Key takeaways

- 1 New portfolio management team**
Effective June 23, 2025, William Lam, Ian Hargreaves, Charles Bond and Matthew Pigott assumed management of the fund.
- 2 The fund underperformed its benchmark**
Invesco Developing Markets Fund Class A shares at net asset value underperformed the MSCI EM Index. The largest detractor from relative return was an overweight and stock selection in the consumer discretionary sector. Stock selection in materials added to relative return.
- 3 Emerging markets performance**
Emerging market equities delivered a positive return in the second quarter and outperformed both US and developed international equity markets.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	14,215.21
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Portfolio managers

William Lam, Ian Hargreaves, Charles Bond, Matthew Pigott

Manager perspective and outlook

- Emerging market equities delivered positive performance in the second quarter and outperformed US and international developed market stocks. After a pullback at the beginning of the quarter in response to tariff concerns, China rallied and ended the period flat as investors appeared to become more optimistic about trade negotiations and potential for domestic stimulus. India underperformed the index, a positive outcome after several challenging quarters. Though we see potential for continued market volatility over the next few months amid US policy uncertainty, we believe emerging market equities are mispriced and remain attractive to investors given valuation discounts relative to US and global equities.
- Emerging market equities in our view has been offering double-digit earnings growth potential, with reasonable valuation levels across much of the universe. Still, the asset class has been trading at a large discount to global equities, particularly US stocks. While we remain mindful of geopolitical risks and uncertainty that may result from the US pursuit of protectionist policies, we believe emerging market companies generally have healthy balance sheets and competitive advantages that could make them more resilient than what is implied in valuations. If select global trade channels are forced to move away from China, other emerging countries could benefit, which would likely spur expansion of trade among emerging countries



Top issuers

(% of total net assets)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	12.15	10.21
Tencent Holdings Ltd	8.50	4.71
H World Group Ltd	4.29	0.08
Kotak Mahindra Bank Ltd	4.16	0.31
HDFC Bank Ltd	3.26	1.51
Grupo Mexico SAB de CV	2.67	0.21
Galp Energia SGPS SA	2.61	0.00
Meituan	2.05	0.91
Bank Central Asia Tbk PT	1.95	0.34
Tata Consultancy Services Ltd	1.94	0.42

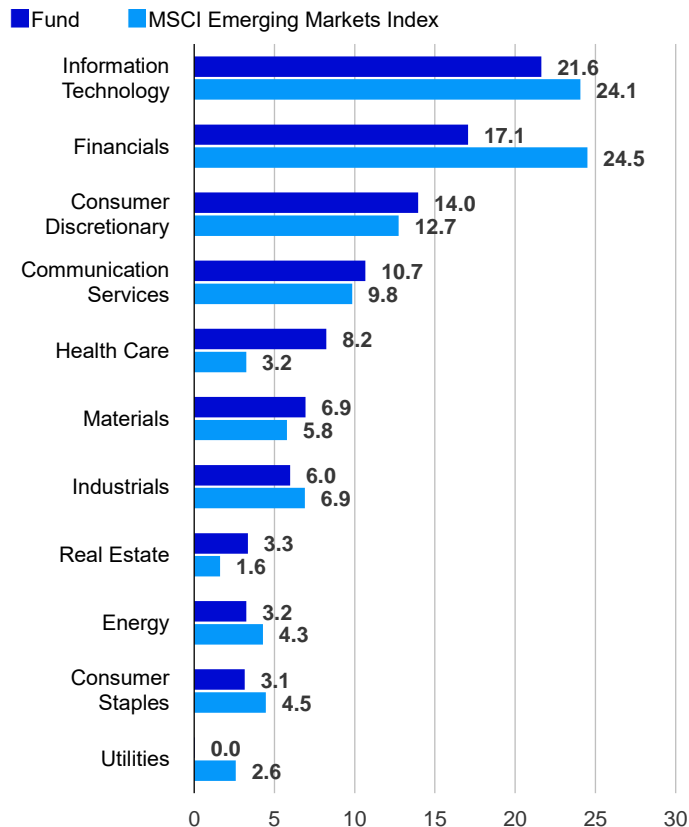
As of 06/30/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

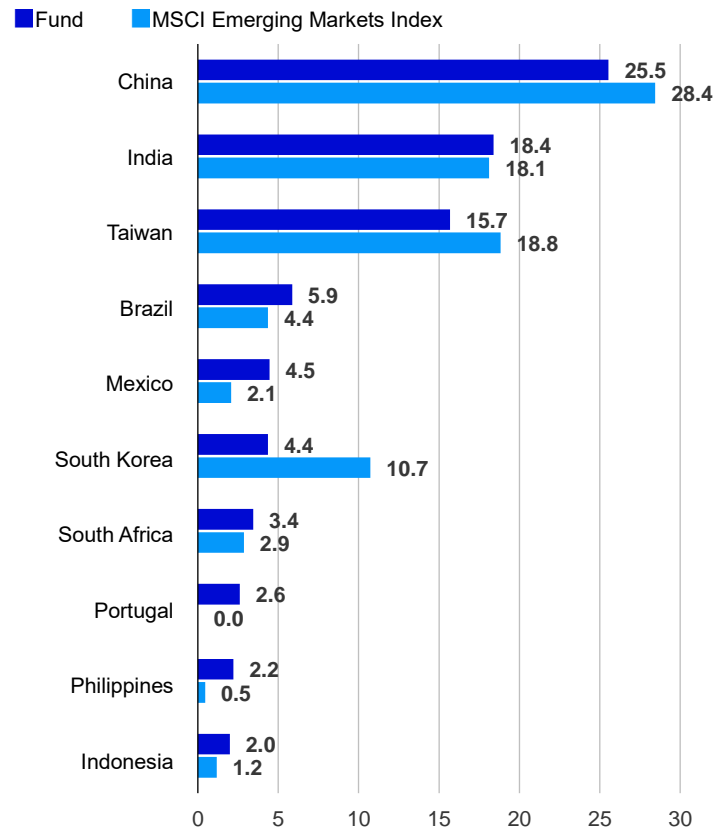
As of quarter end, relative to the MSCI EM Index, the fund was overweight in health care, consumer discretionary, industrials and real estate, while underweight in financials, information technology (IT), materials, utilities, consumer staples, energy and communication services.

During the quarter, we initiated positions in **Hon Hai Precision**, **Petrobras** and **Wuxi XDC**. We sold **Hong Kong Exchanges & Clearing**, **ZTO Express**, **Moncler**, **Richemont**, **Grupo Aeroportuario del Sureste**, **America Movil** and **B3**.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Taiwan Semiconductor Manufacturing Company Limited	30.21	2.82
SK hynix Inc.	60.36	0.67
Grupo Mexico S.A.B. DE C.V.	21.64	0.56
MercadoLibre, Inc.	27.68	0.48
HDFC Bank Ltd.	10.65	0.36

Top detractors (%)

Issuer	Return	Contrib. to return
Meituan	-20.17	-0.90
Alibaba Group Holding Limited	-14.02	-0.29
H World Group Limited	-5.49	-0.24
PDD Holdings Inc.	-11.57	-0.15
Zealand Pharma A/S	-25.68	-0.14

Performance highlights

From a sector perspective, stock selection in materials added the most to relative return. Stock selection in real estate and an underweight in utilities also added to relative results. The largest detractor from relative return was an overweight and stock selection in consumer discretionary, followed by stock selection in industrials and stock selection and an underweight in IT.

Geographically, an underweight in Saudi Arabia was the largest contributor to relative return. Stock selection in Brazil and lack of exposure to Thailand also contributed to relative return. The largest detractor from relative return was an underweight in South Korea. Stock selection in China and an underweight and stock selection in Taiwan also detracted from relative return.

Contributors to absolute performance

Taiwan Semiconductor Manufacturing, is one of the world's leading semiconductor foundries and the key enabler of the new computing revolution, with multiple architectures, chip platforms and design teams competing to push computing and artificial intelligence (AI) innovation.

SK hynix is a leading global manufacturer of semiconductor products, specializing in memory chips like DRAM and NAND flash. It's the world's second-largest memory chip maker. Beyond memory, SK hynix also produces CMOS image sensors and other semiconductor components. The company serves a wide range of industries, including

mobile, server, PC and automotive.

Grupo Mexico is a Mexico-based diversified mining company that boasts a portfolio of unique assets, including the world's fourth largest copper mine. Globally, Grupo Mexico has the largest proven copper reserves, which could allow it to maintain current production levels for decades without significant exploration effort.

Detractors from absolute return

Meituan is a technology and retail company, primarily known for its massive food delivery platform and its "everything app" status, connecting consumers with a wide range of local services. Among the services it offers are food delivery, in-store dining and entertainment, hotel and travel bookings, bike-sharing and more.

Alibaba is a multinational technology conglomerate specializing in e-commerce, retail, internet and technology. It operates various online marketplaces and retail platforms, including Alibaba.com, Taobao and Tmall, connecting buyers and sellers worldwide. Alibaba also provides cloud computing, digital media and entertainment services.

H World is a pioneer in China's hotel industry, primarily using a franchise model. It has solidified and maintained its leadership position through investments in infrastructure technology, which appear to have supported operational efficiency and boosted brand loyalty.

Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/18/96	NAV	8.36	10.93	6.64	6.84	1.60	2.96	9.28
	Max. Load 5.5%	2.41	4.82	0.78	4.84	0.46	2.38	9.07
Class R6 shares inception: 12/29/11	NAV	8.44	11.15	7.07	7.27	2.00	3.38	4.27
Class Y shares inception: 09/07/05	NAV	8.41	11.05	6.90	7.11	1.86	3.22	6.39
MSCI Emerging Markets Index		11.99	15.27	15.29	9.70	6.81	4.81	-
Total return ranking vs. Morningstar Diversified Emerging Mkts category (Class A shares at NAV)		-	-	92% (712 of 771)	89% (616 of 713)	96% (603 of 631)	88% (404 of 455)	-

Expense ratios per the current prospectus: Class A: Net: 1.28%, Total: 1.28%; Class R6: Net: 0.88%, Total: 0.88%; Class Y: Net: 1.03%, Total: 1.03%.

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	-14.06	6.89	34.77	-12.14	23.99	17.22	-7.50	-25.16	11.17	-1.39
Class R6 shares at NAV	-13.67	7.38	35.33	-11.79	24.53	17.66	-7.13	-24.85	11.54	-0.97
Class Y shares at NAV	-13.84	7.16	35.10	-11.95	24.31	17.51	-7.25	-24.97	11.40	-1.12
MSCI Emerging Markets Index	-14.92	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09	9.83	7.50

Portfolio characteristics*

	Fund	Index
No. of holdings	122	1,203
Top 10 issuers (% of AUM)	43.73	27.73
Wtd. avg. mkt. cap (\$M)	221,968	180,926
Price/earnings	18.39	14.64
Price to book	3.07	1.92
Est. 3 – 5 year EPS growth (%)	12.81	12.32
ROE (%)	20.27	17.86
Long-term debt to capital (%)	24.55	20.95
Operating margin (%)	25.98	22.58

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-4.67	0.00
Beta	0.98	1.00
Sharpe ratio	-0.07	0.25
Information ratio	-0.83	0.00
Standard dev. (%)	17.15	16.24
Tracking error (%)	6.29	0.00
Up capture (%)	77.91	100.00
Down capture (%)	105.10	100.00
Max. drawdown (%)	42.91	35.98

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.01	-0.14	-0.15
Consumer Discretionary	-0.64	-0.39	-1.03
Consumer Staples	0.14	-0.06	0.08
Energy	0.03	-0.12	-0.09
Financials	-0.08	-0.56	-0.64
Health Care	-0.27	-0.30	-0.57
Industrials	0.11	-1.05	-0.94
Information Technology	-0.26	-0.41	-0.67
Materials	0.18	0.44	0.61
Real Estate	-0.08	0.26	0.17
Utilities	0.14	0.00	0.13
Cash	-0.06	0.00	-0.06
Total	-0.82	-2.33	-3.14

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	-1.10	0.00	-1.10
Asia/Pacific Ex Japan	0.10	0.00	0.10
Europe	-1.22	0.00	-1.22
Japan	-0.08	0.00	-0.08
North America	0.09	0.00	0.09
Emerging	0.00	-1.99	-1.99
Africa/Mideast	0.54	0.14	0.68
Asia/Pacific Ex Japan	0.00	-3.10	-3.10
Europe	-0.05	-0.02	-0.07
Latin America	0.20	0.30	0.50
Cash	-0.06	0.00	-0.06
Total	-1.16	-1.99	-3.14

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Saudi Arabia	0.67	0.29	6.23
Brazil	0.33	6.70	18.98
Thailand	0.13	0.00	-1.25
Hong Kong	0.10	1.31	21.55
United States	0.09	0.68	22.66

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
South Korea	-1.13	4.18	30.21
China	-0.83	27.82	-1.74
Taiwan	-0.76	13.44	24.47
India	-0.49	18.20	6.25
Italy	-0.31	1.62	-4.11

Unless otherwise specified, all information is as of 06/30/25. 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. Developing markets may especially be volatile.

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 Beta 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.