

# Invesco Developing Markets Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Dec. 31, 2022



Limited Offering

### Investment objective

The fund seeks capital appreciation.

### Portfolio management

Justin Leverenz

### Fund facts

Nasdaq A: ODMAX C: ODVCX  
Y: ODVYX

Total Net Assets \$24,178,617,178  
Total Number of Holdings 67

### Top issuers % of total net assets

Housing Development Finance Corp Ltd	8.40
Taiwan Semiconductor Manufacturing Co Ltd	7.43
Yum China Holdings Inc	6.83
Tata Consultancy Services Ltd	5.06
Kotak Mahindra Bank Ltd	5.06
H World Group Ltd	4.66
ZTO Express Cayman Inc	4.37
Pernod Ricard SA	4.36
Grupo Mexico SAB de CV	4.14
Cie Financiere Richemont SA	2.87

### Top contributors % of total net assets

1. Housing Development Finance Corp Ltd	8.40
2. H World Group Ltd	4.66
3. Yum China Holdings Inc	6.83
4. BeiGene Ltd	2.03
5. Cie Financiere Richemont SA	2.87

### Top detractors % of total net assets

1. Meituan	1.57
2. NetEase Inc	2.72
3. Banco Bradesco SA	1.31
4. Bundl Technologies Pvt Ltd	0.48
5. Lojas Renner SA	0.64

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

+ 2022 was marred by Russia's incursion into Ukraine. As effects of the COVID-19 pandemic lingered and the Ukraine war dragged on growth and pushed prices higher, particularly for food and energy, global GDP stagnated in 2022, raising prospects of a global recession. Yet, emerging markets equities were not disproportionately hammered in 2022 as they have been during past crises. The large emerging market economies of

Asia and Latin America have become resilient, albeit slower growing economies. The majority of emerging market economies no longer have external trade imbalances and are relatively healthy compared to the developed world. Credit growth has been subdued for much of the past decade, and banks are well-capitalized and liquid. These circumstances suggest a favorable backdrop for investing in emerging market equities.

### Positioning and outlook

- + The largest position we initiated during the quarter was **Glencore** (0.52% of total net assets), a Switzerland-based multinational company that operates in the mining, commodity and agricultural sectors. Glencore has large copper and nickel reserves that will potentially be needed for the green energy transition.
- + The largest position exited during this quarter was South Korean company **NAVER** (0.00%). **NAVER** operates one of the country's largest search portals. We sold this position due to decelerating e-commerce growth.
- + Looking ahead, we believe many emerging market

companies are embarking on a new era - cutting back on oversized ambitions and focusing on opportunities that are profitable and cash generating. In our view, this should improve earnings and returns as these businesses become more rational and disciplined. We have focused on finding investment opportunities where, we believe, the visible risks are well understood, have been deeply digested and have led to price discounts. Conversely, we are wary of circumstances where risks have not yet been widely perceived. The net result is an opportunity to own undervalued, high-quality stocks with potential for long-term structural growth.

### Performance highlights

- + Invesco Developing Markets Fund Class A shares at net asset value (NAV) outperformed its benchmark index for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

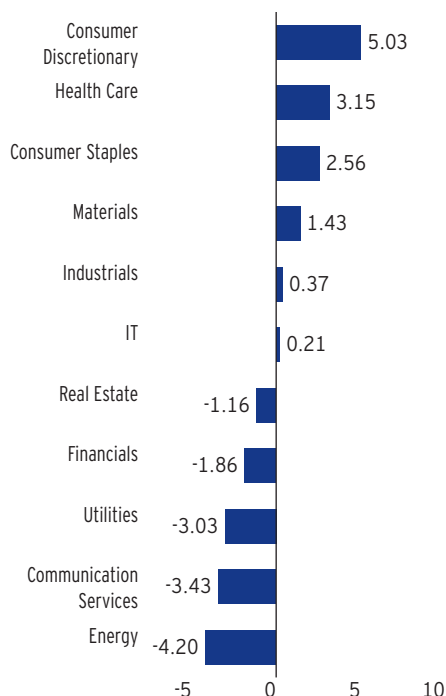
### Contributors to performance

- + Stock selection and an underweight in the energy sector was the largest contributor to relative performance. Stock selection in the consumer discretionary and health care sectors also added to relative results.
- + Geographically, an underweight in Saudi Arabia was the largest contributor to relative return. Additionally, we realized the value of some of the portfolio's Russian equities, which added to relative performance. An overweight in Switzerland was another contributor to relative return.
- + The largest individual contributor to absolute return was **Housing Development Finance Corporation (HDFC)** a long-term fund holding. **HDFC** was one of India's first specialized mortgage companies and stands to benefit from a merger with its subsidiary HDFC Bank (not a fund holding). We believe the combined entity should be able to achieve lower cost of funds for mortgage products, along with better cross-selling opportunities through HDFC Bank's vast branch network.

### Detractors from performance

- + The largest detractor from relative return was stock selection and an underweight in the communication services sector. Stock selection in the information technology and real estate sectors also detracted from relative return.
- + Geographically, stock selection in Mexico was the largest detractor from relative results. An underweight in China detracted from relative return, as did stock selection and an overweight in Brazil.
- + The largest individual detractor from absolute return was **Meituan**, one of China's leading service-based e-commerce platforms facilitating food delivery and a host of other services. There has been concern about increased competition and investments in new initiatives. We continue to evaluate **Meituan's** position in this evolving landscape.

**The fund's positioning versus the MSCI Emerging Markets Index (% underweight/overweight)**



**Investment results**

Average annual total returns (%) as of Dec. 31, 2022

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 11/18/96	NAV	Inception: 11/18/96	NAV	Inception: 09/07/05	
	<b>Max Load 5.50%</b>		<b>Max CDSC 1.00%</b>			<b>MSCI Emerging Markets Index</b>
Inception	9.16	9.39	9.13	9.13	6.10	-
10 Years	0.65	1.22	0.62	0.62	1.48	1.44
5 Years	-3.54	-2.44	-3.17	-3.17	-2.19	-1.40
3 Years	-8.47	-6.73	-7.43	-7.43	-6.49	-2.69
1 Year	-29.27	-25.16	-26.47	-25.73	-24.97	-20.09
Quarter	5.16	11.28	10.09	11.09	11.37	9.70

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.invesco.com/performance) 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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges. 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.

Expense ratios	% net	% total	Asset mix (%)
Class A Shares	1.20	1.20	Dom Common Stock 0.22
Class C Shares	1.95	1.95	Intl Common Stock 98.83
Class Y Shares	0.95	0.95	Cash 0.95

Per the current prospectus

For more information you can visit us at [www.invesco.com/us](https://www.invesco.com/us)

Effective as of the close of business on May 24, 2019, the fund closed to new investors. For more information on who may invest in the fund, please see the prospectus.

Class Y shares are available only to certain investors. See the prospectus for more information.

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.

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.

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## 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.

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 funds.

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

The portfolio 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.

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

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.

In late February 2022, Russian military forces invaded Ukraine, significantly amplifying already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West. Russia's invasion, the responses of countries and political bodies to Russia's actions, and the potential for wider conflict may increase financial market volatility and could have severe adverse effects on regional and global economic markets, including the markets for certain securities and commodities such as oil and natural gas. Following Russia's actions, various countries, including the U.S., Canada, the United Kingdom, Germany, and France, as well as the European Union, issued broad-ranging economic sanctions against Russia. While diplomatic efforts have been ongoing, the conflict between Russia and Ukraine is currently unpredictable and has the potential to result in broadened military actions. The duration of ongoing hostilities and corresponding sanctions and related events cannot be predicted and may result in a negative impact on performance and the value of Funds investments, particularly as it relates to Russia exposure.

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.

***Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professionals for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).***

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 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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.