

# Invesco Developing Markets Fund<sup>®</sup>

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2020



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	\$40,302,207,320	
Total Number of Holdings	64	

### Top issuers % of total net assets

Taiwan Semiconductor	8.24
Tencent	7.13
Alibaba	6.54
Kering	5.15
Yum China	3.96
AIA	3.87
Housing Development Finance	3.80
Yandex	3.53
Huazhu	3.41
Novatek	3.37

### Top contributors % of total net assets

1. Taiwan Semiconductor	8.24
2. Alibaba	6.54
3. Kering	5.15
4. Yandex	3.53
5. Huazhu	3.41

### Top detractors % of total net assets

1. ZTO Express	2.66
2. Lojas Americanas	1.56
3. Fomento Economico Mexicano	2.33
4. Samsung Biologics	1.36
5. Kotak Mahindra Bank	2.82

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

### Market overview

- + Political tensions and uncertainty surrounding the COVID-19 pandemic abounded this quarter, yet equity markets incrementally recovered. Emerging equity markets have been supported by China's sizable gains year-to-date. Neighbors Taiwan and South Korea also continued to perform well. India and Mexico, whose equity markets performed dismally earlier this year, turned around and achieved positive returns for the quarter. Brazil, which faces structural impediments, remained one of the weakest markets.
- + Despite the current COVID-19 related stressors on emerging markets, we still believe the next decade will be favorable for the asset class. China, with many internal economic drivers, will likely remain

the dominant global growth engine. Additionally, the current environment of low interest rates, low energy prices and a weakening US dollar, should eventually culminate in large foreign capital flows and private investments into emerging markets. This scenario should give emerging market countries constrained by insufficient domestic savings the necessary funds for structural growth, benefiting much of Latin America, Southeast Asia and parts of sub-Saharan Africa. However, in the near term, many emerging market countries will need to grapple with a variety of issues such as external debt, unsustainable deficits, asset quality stress and institutional reforms, among others, before achieving a turnaround with sustainable growth.

### Positioning and outlook

- + We added several new positions during the quarter, including Belgium-based brewer **Anheuser-Busch InBev**, French spirits company **Pernod Ricard** and India-based consulting firm **Infosys**, which should benefit from clients' accelerating spending on emerging technologies (0.96%, 0.57% and 0.43% of total net assets, respectively).
- + The largest positions sold were Brazilian bank **Itau Unibanco**, Brazilian retailer **Atacadao** and diversified Russian mining company **Norilsk Nickel** (all 0.00% of total net assets).
- + During this period of crisis and uncertainty, we remain focused on understanding the macroeconomic pressures unique to emerging markets. However, we are unwavering in our approach as bottom-up investors that focus on the long term and avoid tactical decisions. We will continue to seek high quality companies that have durable long-term growth potential supported by strong competitive positions, balance sheets, cash flows, etc. that will enable them to thrive in the post-COVID-19 world.

### Performance highlights

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

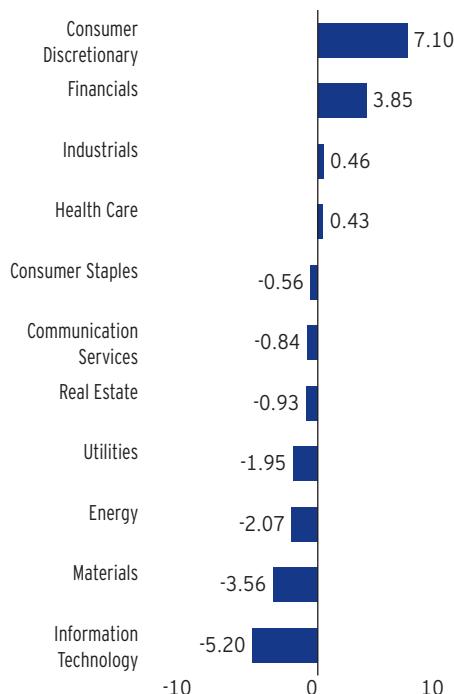
### Contributors to performance

- + Stock selection in the communication services and information technology (IT) sectors added to relative return. Within IT, an overweight in preeminent semiconductor foundry **Taiwan Semiconductor Manufacturing** was a notable contributor.
- + The fund currently has no allocation to the utilities sector, which benefited relative results.
- + Geographically, stock selection in Taiwan and Russia added to relative performance. The fund currently has no allocation to Thailand, which was advantageous.
- + After **Taiwan Semiconductor**, the largest individual contributor was internet company **Alibaba**, which holds the leading position in China's sizeable e-commerce market.

### Detractors from performance

- + Stock selection in the consumer discretionary, industrials and consumer staples sectors detracted from relative return.
- + Geographically, stock selection and underweights in China and South Korea negatively affected relative return, as did stock selection in India.
- + In the consumer discretionary sector, an overweight in Brazilian discount retailer **Lojas Americanas** detracted. The retailer boasts a nationwide store network but reported earnings that were below market expectations, which negatively affected the share price. We view this as a short-term issue and are pleased with the company's ability to adapt, thrive and, perhaps more importantly, execute well during times of uncertainty.

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



**Investment results**

Average annual total returns (%) as of Sept. 30, 2020

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 11/18/96	Inception: 11/18/96	Inception: 11/18/96	Inception: 11/18/96	Inception: 09/07/05	
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	MSCI Emerging Markets Index
Inception	10.96	11.22	10.87	10.87	8.39	-
10 Years	3.41	4.00	3.24	3.24	4.29	2.50
5 Years	8.87	10.11	9.28	9.28	10.38	8.97
3 Years	2.15	4.09	3.31	3.31	4.35	2.42
1 Year	4.11	10.16	8.33	9.33	10.45	10.54
Quarter	2.21	8.17	7.00	8.00	8.27	9.56

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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	1.24	1.24	Dom Common Stock	0.66
Class C Shares	2.00	2.00	Intl Common Stock	94.75
Class Y Shares	1.00	1.00	Intl Preferred Stock	2.34
Per the current prospectus			Cash	2.11
			Other	0.14

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

■ Effective September 30, 2020, "Oppenheimer" was removed from the fund name. Please see the prospectus for additional information.

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**

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.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

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 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 advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](http://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.