

# Emerging market equities: Back in the spotlight

While the emerging market (EM) equity asset class has grown meaningfully over the last two decades, there may be a mismatch between the opportunity size and portfolio representation. We believe the macroeconomic environment has continued to improve in a post-pandemic world and see compelling long-term opportunities in leading companies across multiple regions and sectors.

## A mismatch between representation and allocation for emerging market equities

**86%**

of the global population<sup>1</sup>

**10%**

of global equity market capitalization<sup>2</sup>

**3.0%**

average moderate allocation portfolio<sup>3</sup>

## Structural growth themes for the next decade<sup>5</sup>



Indian renaissance



De-carbonization and the long energy transition



Biotechnology and the rise of the EM biotech giants



China goes global

## The macro case



### Macroeconomic resilience

We believe EM equities are no longer simply global beta<sup>4</sup> tied to global economic cycles.

### Coiled springs

EM interest rates remain unnecessarily high. A peak in US sovereign rates could kick-off a positive feedback loop in EM.

### China

We believe slower economic growth is generating positive change in corporate strategy across China's private sector.

1. IMF. Data as of 12/31/23. 2. FactSet. Data as of 12/31/23. Represents the ending weight of emerging markets equities in the MSCI All Country (AC) World Index which is a free float-adjusted market capitalization index that is designed to measure equity market performance of developed and emerging markets. The index is computed using the net return, which withholds applicable taxes for nonresident investors. An investment cannot be made directly in an index. 3. Morningstar, Invesco Solutions. Data as of 12/31/23. Moderate allocations are either specified by the financial professional as balanced, moderate, 60 – 40, growth with income, etc. If not specified, classification is based mostly on equity allocation where a moderate would have 50 – 70% in equities. The data of the underlying Invesco client portfolios may not be representative of the broader industry and is for illustrative purposes and should not be construed as a recommendation for an allocation. 4. Beta is a measure of systematic risk with respect to a benchmark. 5. Views are subject to change and may not come to pass.

# Invesco Developing Markets Fund

EQUITY: EMERGING MARKETS

A: ODMAX R6: ODVIX Y: ODVYX

The fund seeks to provide investors exposure to compelling companies across emerging markets. Through a highly active approach, the team seeks to identify companies with durable long-term growth, sustainable advantages, and real options that may manifest over time.

## Three reasons to consider this fund

- 1 Differentiated research**  
 Our in-house research approach focuses on businesses that may benefit from the evolution of emerging markets.<sup>1</sup>
- 2 Independent thinking**  
 By having a long-term investment horizon, we look to capture opportunities underappreciated by conventional wisdom.
- 3 Time-tested approach**  
 We give investors access to a consistent approach with a compelling track record dating to 1996.

## More about the fund and management team

**Experienced team**

- The team is highly experienced with a broad range of skills and expertise
- Portfolio manager has more than 30 years of industry experience
- All team members have advanced degrees or certifications

**Global reach<sup>3</sup>**

- 47% in EM multinationals
- 36% domestic leaders and disruptors
- 14% global leaders in developed markets

**Actively managed<sup>2</sup>**

- 75% active share score (measures difference from index)

**Portfolio holdings<sup>4</sup>**

- 49% of the portfolio held at least five years
- 24% of the portfolio held at least 10 years

### Growth of a \$10,000 investment<sup>5</sup>



1. As of 03/31/24. Subject to change. 2. Invesco. Data as of 03/31/24. Active share is the Proportion of stock holdings in a mutual fund's composition that was different from the composition found in its benchmark. High active share does not guarantee outperformance. 3. EM multinationals are defined as those companies domiciled in emerging markets with significant revenues beyond their borders. Domestic leaders and disruptors are those holdings that have most of their revenues in their local markets, have a market leadership position or are in high-growth industries. 4. Invesco. Data as of 03/31/24. Holding periods are based on the initial purchase date within the portfolio. 5. Morningstar. Data as of 03/31/24. Subject to change. Performance above is for Class A shares at NAV. For illustrative purposes only. It is not possible to invest directly in an index. Please see standardized performance table on page 3. **Past Performance is no guarantee of future results.**

# Invesco Developing Markets Fund

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## Average annual total returns as of March 31, 2024

	1 year	3 year	5 year	10 year	Since inception
Invesco Developing Markets Fund (Class A)	1.94	-7.98	0.32	1.87	9.45
<b>Invesco Developing Markets Fund (Class A) at Max 5.5% Load</b>	<b>-3.66</b>	<b>-9.69</b>	<b>-0.81</b>	<b>1.29</b>	<b>9.22</b>
Invesco Developing Markets Fund (Class Y)	2.19	-7.74	0.57	2.12	6.42
Invesco Developing Markets Fund (Class R6)	2.34	-7.62	0.72	2.29	4.09
MSCI EM Index (Net)	8.15	-5.05	2.22	2.95	—
Morningstar percentile rank and ranking: Diversified emerging markets category (Class A Shares based on total return)	91% 733/810	81% 530/714	87% 564/653	79% 321/426	—

Class A inception date is 11/18/96, Class Y inception date is 9/7/2005, and the Class R6 inception date is 12/29/2011. Class A gross expense ratio is 1.26%, Class Y gross expense ratio is 1.01%, and Class R6 gross expense ratio is 0.88%.

**Performance quoted is past performance and cannot guarantee comparable future results. Current performance and/or expenses may be higher or lower. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Investment returns and principal value will vary; you may have a gain or loss when you sell shares. Performance figures reflect reinvested distributions and changes in share price and the effect of the max. sales charge unless otherwise stated. Class R6 and Y shares are not subject to sales charge. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. See current prospectus for more information. 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. Class I shares were reorganized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Y shares are generally intended for certain investors, such as wrap-fee-based programs or commissionable brokerage platforms that charge sales commission. Please keep in mind that high, double-digit and/or triple-digit returns are highly unusual and cannot be sustained.**

**Fund percentile rankings are based on total return, excluding sales charges and including fees and expenses versus all funds in the Morningstar category.** Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. ©2024 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance cannot guarantee comparable future results.

### About risk:

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

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.

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.

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.

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. 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.

**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).**