Emerging Markets Local Debt Fund

Monthly Performance Comments

During the month of December, Invesco Oppenheimer Emerging Markets Local Debt Fund Class A Shares (without sales charge) returned 4.08%. The Fund underperformed its benchmark, the JP Morgan GBI-EM Global Diversified Index, which returned 4.13% during the same period.

Top Contributors to Relative Performance

The largest contributors to relative performance were our credit exposure in Argentina, and our rate positioning in Brazil and Mexico

Bottom Detractors from Relative Performance

The largest detractors to relative performance were our positioning in the Chilean peso, the Brazilian real and the Russian ruble.

Year to Date Performance Comments

Year to date through December, Invesco Oppenheimer Emerging Markets Local Debt Fund Class A Shares (without sales charge) returned 13.50%. For the period, the Fund outperformed its benchmark by 0.03%, which returned 13.47%.

Top Contributors to Relative Performance

The largest contributors to relative performance were our rate positioning in Brazil, Egypt and India.

Bottom Detractors from Relative Performance

The largest detractors to relative performance were our positioning in the Argentine peso and the Turkish lira, as well as our credit position in Argentina.

Market Highlights, Outlook and Positioning

During the month, we sold out of the portfolio's relative trade between emerging market currencies and Euro because we believe the currency story has turned into one of dollar weakness. We also eliminated the Fund's position in Nigeria.

Based on evidence of a bottoming in the global growth decline, we believe global growth will remain at the same level or, more likely, be somewhat higher in 2020. This means that US and global financial conditions will likely have greater impact on interest rates, while shifting growth dynamics and interest rates will drive currency markets.

There are some signs that governments may use their fiscal policy lever in the future given very low interest rates, though such discussions are in the early stages. Higher government spending would bring further stability to growth expectations. As growth has stabilized, urgency to loosen monetary conditions has diminished. Given that the jury is still out on the US economy, we believe the Federal Reserve may pause its interest rate moves while monitoring data for the next few months. In emerging market countries, several central banks still have room to cut interest rates. It seems very unlikely that inflation will rise in any major country other than for base effects. As such, we expect that central banks in India, Indonesia, Mexico and Russia can deliver a few more rate cuts.

We expect meaningful economic recovery in Latin America as Argentina, Brazil and Mexico improve. Brazil stands out for growth momentum driven by domestic demand and its structural reform agenda against a backdrop of low inflation and low interest rates. Mexico's economy, meanwhile, is coming from a position of no growth to show some signs of supported growth. Our view on the US dollar and emerging market currencies started to be borne out in the fourth quarter of 2019. The substantial easing of US monetary policy should lead to a weaker US dollar over time.

In conclusion, high real rates due to persistent low inflation, combined with attractive foreign currency valuations, are the reason we are optimistic about the expected return profile for the emerging market local debt asset class in 2020.

Portfolio Managers
Hemant Baijal
(Since 3/15)

Wim Vandenhoeck
(Since 9/16)

Portfolio Inception
June 30, 2010

Portfolio Assets
$258 Million

Investment Philosophy
We believe that the macroeconomic base case evolves gradually. However, the market pricing of this base case changes more rapidly, providing opportunities to take advantage of mispriced risk premia. In addition, we believe a robust investment process is based on a risk allocation framework, which is more efficient than forecasting returns. We also believe an investment horizon of 9-18 months allows us to look through short-term noise while adding value through both allocation and security selection.

Investment Approach
Top down global macro analysis determines the overall portfolio risk budget and the allocation of that risk budget to three levers: FX, interest rates and credit. Bottom up country analysis identifies favorable country-specific opportunities. Country views are then expressed directionally via one or more of the three levers, influenced by the attractiveness of their risk/reward profiles.

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The mention of specific sectors, securities, currencies or countries does not constitute a recommendation.

Invesco Oppenheimer Emerging Markets Local Debt Fund

Average Annual Total Returns as of 12/31/19

	1-Year	3-Year	5-Year	Since Inception[1]
Class A Shares w/o Sales Charge	13.50	6.64	3.59	2.56
Class A Shares w/ Sales Charge	8.71	5.09	2.70	2.10
Class Y Shares	13.73	6.86	3.84	2.84
J.P. Morgan GBI-EM Global Diversified (Linked Index)	13.47	7.03	2.78	-
Morningstar Percentile Rank and Ranking: Emerging-Markets – Local Currency Bond Category (Class Y shares based on total return)[2]	28th (34/77)	19th (23/73)	6th (6/68)	-

Gross Expense Ratio (Class A Shares/ Class Y Shares): 1.31%, 1.06%

DISCLOSURES

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com/us 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. 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 shares have no sales charge; therefore, performance is at NAV. 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.

Special Risks: Fixed income investing entails credit and interest rate risks. Interest rate risk is the risk that rising interest rates or an expectation of rising interest rates in the near future, will cause the values of the Fund's investments to decline. Risks associated with rising interest rates are heightened given that rates in the U.S. are at or near historic lows. When interest rates rise, bond prices generally fall, and the Fund’s share prices can fall. Below-investment-grade (“high yield” or “junk”) bonds are more at risk of default and are subject to liquidity risk. Foreign investments may be volatile and involve additional expenses and special risks, including currency fluctuations, foreign taxes, regulatory and geopolitical risks. Emerging and developing market investments may be especially volatile. May invest at least 80% of its net assets in debt securities that are economically tied to emerging market countries and denominated in local (non-U.S.) currencies. Eurozone investments may be subject to volatility and liquidity issues. The Fund may invest a significant portion of assets in a single issuer, which may increase volatility and exposure to risks associated with a single issuer. Derivative instruments entail higher volatility and risk of loss compared to traditional stock or bond investments.

The Linked Index returns are made up of the returns of (i) J.P. Morgan GBI EM Global Diversified Index from January 1, 2014, to present and (ii) 70% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified/30% J.P. Morgan EM Bond Global Diversified for the period from inception until December 31, 2013. The J.P. Morgan Government Bond Index-Emerging Markets Global Diversified is a comprehensive, global local Emerging Markets Index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure. The J.P. Morgan Emerging Markets Bond Index Global Diversified is a composite index representing an unleveraged investment in emerging market bonds that is broadly based across the spectrum of emerging market bonds and includes reinvestment of income (to represent real assets). Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund. The indices are unmanaged and cannot be purchased directly by investors.

1. Class A share and Class Y share inception date is 6/30/2010
2. Source: Morningstar as of 12/31/19. Morningstar ranking is for Class Y shares and ranking may include more than one share class of funds in the category, including other share classes of this Fund. **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. ©2019 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 is no guarantee of future results.**

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