

Invesco EQV Asia Pacific Equity Fund

Q2 2024

Key takeaways

- 1 The fund underperformed its benchmark**

Class A shares underperformed the MSCI AC Asia Pacific ex Japan Index. Stock selection in industrials, real estate and financials were among the largest detractors from relative performance, as was an overweight in real estate.
- 2 Bottom-up stock selection focused on EQV (Earnings, Quality, Valuation) characteristics**

During the quarter, we initiated two new positions and exited three stocks based on our EQV fundamentals. Our actively managed, bottom-up stock selection drives the fund's sector and country allocations.
- 3 We remain focused on a long-term investment horizon**

Regardless of the macroeconomic environment, we remain focused on applying our well-established, long-term, bottom-up EQV investment process that seeks to identify attractively valued, high quality growth companies.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	387.25
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Portfolio managers

Brently Bates, Ge Sun, Mark Jason, Michael Shaman

Manager perspective and outlook

- Despite a notable decline in April, global equities had a positive return for the second quarter as investors appeared to continue anticipating central bank interest rates cuts. Some central banks, including the European Central Bank and the Bank of Canada, have started to ease monetary policy. Others have kept rates the same amid sticky inflation in the services sectors. In this environment, developed market equities performed well, primarily driven by US growth stocks, specifically stocks related to artificial intelligence (AI). Emerging market equity returns were positive for the quarter, outperforming developed market equities, driven by equity gains in Taiwan and China. In contrast, equity returns in Indonesia, the Philippines and Thailand were negative for the quarter.
- Though global equities have continued to rise in some regions, we believe it is important to acknowledge that monetary policy have remained uncertain. Other potential risks include ongoing geopolitical tensions and elections around the globe, which may create market headwinds and may increase volatility. In this environment, we believe equity investors may focus on the type of high quality and traditional investment fundamentals that are central to the fund's balanced EQV investment philosophy.



Top issuers

(% of total net assets)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	8.68	9.32
Tencent Holdings Ltd	5.16	4.00
HDFC Bank Ltd	4.85	0.72
Samsung Electronics Co Ltd	3.94	4.07
Broadcom Inc	3.72	0.00
Mitra Keluarga Karyasehat Tbk PT	3.24	0.00
BDO Unibank Inc	3.17	0.07
Fuyao Glass Industry Group Co Ltd	3.13	0.05
Bank Central Asia Tbk PT	3.02	0.43
MediaTek Inc	3.01	0.83

As of 06/30/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we initiated the following positions:

Shenzhen Inovance Technology is a China-based leader in industrial automation products with market share gains in a structurally growing industry. The company has been a key beneficiary of domestic substitution for foreign brands. We believe its return on equity is attractive and it has a healthy balance sheet with negligible debt levels. The stock's valuation has been appealing in part due to the automation industry's recent weakness. However, we see signs that industry demand/growth rates are improving.

Bank Rakyat Indonesia provides commercial banking services focused on lending and banking for micro, small and medium-sized enterprises in Indonesia. The company operates in the highly profitable and difficult to replicate micro lending. Indonesia has several structural tailwinds that we view as favorable for the banking industry, including attractive demographics and low credit penetration. In addition to a favorable macroeconomic backdrop, we believe Bank Rakyat could see a significant improvement in quality. Management has been shifting its mix toward the highest return on equity/lowest non-performing micro loans.

We added to the fund's position in **Bangkok Dusit Medical Services**. Bangkok Dusit is a leading private hospital operator in Thailand. Better-than-expected operating results and strong revenue guidance has led to analyst upgrades. We have continued to build the position we initiated in the first quarter as valuation has remained favorable.

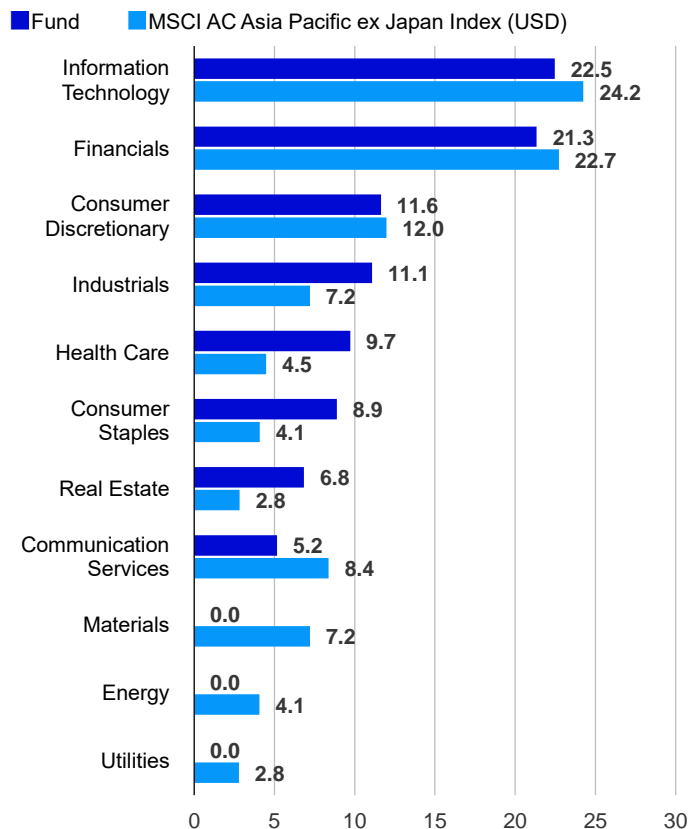
We sold the following stocks:

Swire Properties is a major office and retail landlord in Hong Kong and China. We have been trimming the position for some time and exited the stock completely during the quarter based on our long-term concerns about weakening office demand due to Hong Kong's decline as a financial center and increasing supply of office space, which could further pressure rents.

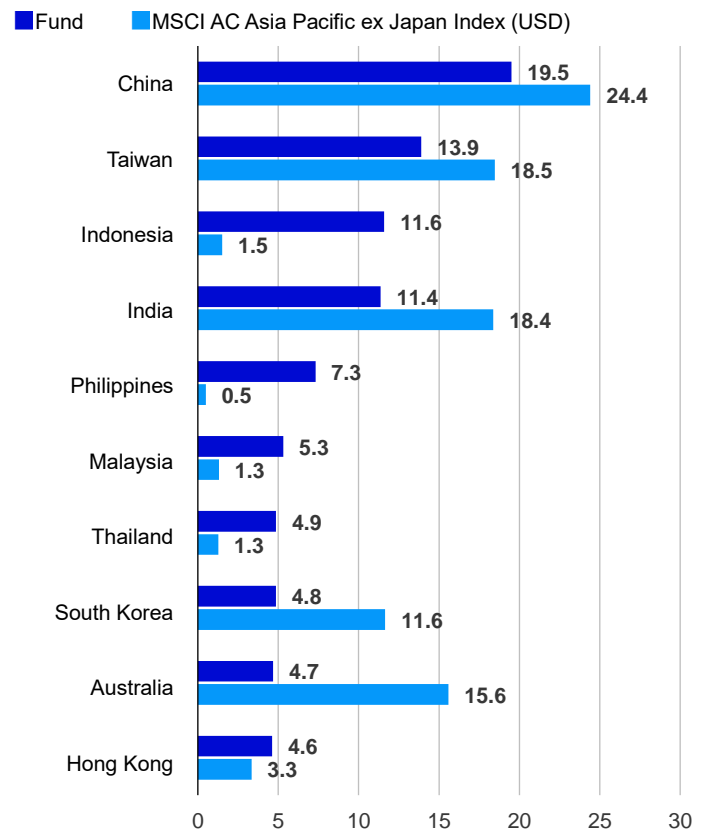
Yum China is the owner of KFC and Pizza Hut in China. We exited the position because rising competition has negatively affected sales growth and profit margin potential.

Telkom Indonesia is an Indonesian telecommunications company.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Taiwan Semiconductor Manufacturing Company Limited	22.80	1.53
Tencent Holdings Limited	23.94	1.04
Emami Limited	60.70	0.91
Broadcom Inc.	21.53	0.86
HDFC Bank Ltd.	16.16	0.67

Top detractors (%)

Issuer	Return	Contrib. to return
BDO Unibank, Inc.	-19.83	-0.76
Tongcheng Travel Holdings Limited.	-23.83	-0.73
China Resources Beer (Holdings) Co. Ltd.	-25.52	-0.49
Techtronic Industries Company Limited	-14.94	-0.47
SM Prime Holdings, Inc.	-15.89	-0.44

Performance highlights

Stock selection in information technology and communication services added to relative performance. Having no exposure in the materials sector also added to relative return. Geographically, stock selection in Australia and India, US exposure and an underweight in Australia were the largest contributors to relative results.

Conversely, stock selection in industrials, real estate and financials were the largest detractors from relative results. An overweight in real estate also hampered relative return. Geographically, stock selection in China, the Philippines and Hong Kong were the leading detractors from relative performance. Overweights in the Philippines and Indonesia also had a negative effect on relative return.

Contributors to performance

Below are the largest contributors to absolute return for the quarter:

Taiwan Semiconductor's technology roadmap and financial performance have remained strong, and the company has continued to benefit from increased AI demand and a better pricing outlook.

Tencent's newer online advertising products have boosted growth and market share, while the outlook for online games may improve given its solid pipeline. Profit margins have risen faster than expected as the company focuses on higher value revenue streams.

Emami is an India-based fast-moving consumer goods (FMCG) company focused on Indian-centric products (e.g., cooling oil). Demand for fast moving consumer goods in

rural India has started to recover and grow faster than in urban India, which helped Emami post solid volume growth in the most recent quarter after a period of disappointing results.

Detractors from performance

Below are some of the largest detractors from absolute return for the quarter:

BDO Unibank (BDO) is a large Philippine bank that reported relatively weak first quarter results with higher-than-expected costs. Additionally, BDO often trades as a proxy for the Philippines equity market, which was hampered by a weaker currency. We continue to like BDO for its dominant market position in the Philippines and are encouraged by its improving loan growth.

Tongcheng Travel is an online travel agency in China that focuses on domestic and lower tier cities. The stock corrected after first quarter earnings were weaker than expected due to temporary margin pressure from investments in new business. We trimmed the stock to control position size, but we still like the company's long-term fundamentals.

SM Prime owns and operates malls in the Philippines, as well as developing residential projects in the country. Weak pre-sales data, interest rates remaining higher for longer and increased government taxes have pressured the shares. We continue to like SM Prime's dominant shopping mall business, which may benefit longer term from favorable demographic trends driving increased consumption in the Philippines.

Standardized performance (%) as of June 30, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 11/03/97	NAV	1.47	4.17	2.01	-4.57	3.09	4.25	7.79
	Max. Load 5.5%	-4.11	-1.57	-3.61	-6.36	1.93	3.66	7.56
Class R6 shares inception: 04/04/17	NAV	1.58	4.36	2.42	-4.21	3.51	4.56	-
Class Y shares inception: 10/03/08	NAV	1.54	4.28	2.25	-4.34	3.35	4.51	8.65
MSCI AC Asia Pacific ex Japan Index (USD)		6.27	8.48	13.05	-4.41	3.94	4.08	-
Total return ranking vs. Morningstar Pacific/Asia ex-Japan Stk category (Class A shares at NAV)		-	-	94% (48 of 51)	31% (10 of 47)	42% (19 of 46)	42% (16 of 35)	-

Expense ratios per the current prospectus: Class A: Net: 1.45%, Total: 1.46%; Class R6: Net: 1.04%, Total: 1.05%; Class Y: Net: 1.20%, Total: 1.21%.

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. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Index source: RIMES Technologies Corp. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	7.41	-7.28	7.48	29.06	-11.42	18.99	25.72	-6.06	-10.83	0.86
Class R6 shares at NAV	7.41	-7.28	-	29.44	-11.01	19.49	26.31	-5.71	-10.51	1.30
Class Y shares at NAV	7.70	-7.09	7.82	29.35	-11.20	19.27	26.06	-5.84	-10.60	1.14
MSCI AC Asia Pacific ex Japan Index (USD)	2.82	-9.37	6.75	36.99	-13.92	19.16	22.44	-2.90	-17.48	7.36

Portfolio characteristics*

	Fund	Index
No. of holdings	43	1,194
Top 10 issuers (% of AUM)	41.91	27.24
Wtd. avg. mkt. cap (\$M)	156,808	144,288
Price/earnings	21.34	16.80
Price to book	2.95	1.91
Est. 3 – 5 year EPS growth (%)	17.18	16.09
ROE (%)	17.38	14.84
Long-term debt to capital (%)	18.93	22.49
Operating margin (%)	26.53	20.30

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.72	0.00
Beta	0.86	1.00
Sharpe ratio	0.05	0.09
Information ratio	-0.16	0.00
Standard dev. (%)	16.72	18.79
Tracking error (%)	5.17	0.00
Up capture (%)	72.52	100.00
Down capture (%)	90.46	100.00
Max. drawdown (%)	32.19	36.10

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.14	0.41	0.27
Consumer Discretionary	0.06	-0.22	-0.16
Consumer Staples	-0.32	-0.20	-0.52
Energy	0.09	0.00	0.09
Financials	-0.03	-1.04	-1.08
Health Care	-0.34	0.40	0.06
Industrials	-0.07	-2.22	-2.29
Information Technology	-0.03	0.62	0.59
Materials	0.55	0.00	0.55
Other	0.00	0.00	0.00
Real Estate	-0.31	-1.16	-1.47
Utilities	-0.13	0.00	-0.13
Cash	-0.20	0.00	-0.20
Total	-0.88	-3.41	-4.29

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	0.15	0.54	0.69
Asia/Pacific Ex Japan	0.34	-0.28	0.06
North America	0.63	0.00	0.63
Emerging	0.00	-4.78	-4.78
Asia/Pacific Ex Japan	0.00	-4.78	-4.78
Cash	-0.20	0.00	-0.20
Total	-0.05	-4.24	-4.29

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Australia	1.01	4.30	11.30
United States	0.63	4.72	21.53
India	0.53	10.01	19.09
South Korea	0.35	5.07	-4.10
Taiwan	0.11	11.64	20.50

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
China	-2.38	20.94	-4.31
Philippines	-2.00	7.68	-18.00
Indonesia	-0.69	11.32	-2.60
Hong Kong	-0.69	6.02	-11.04
Thailand	-0.67	4.69	-9.94

Unless otherwise specified, all information is as of 06/30/24. Unless stated otherwise, Index refers to MSCI AC Asia Pacific ex Japan Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

• On February 28, 2022, Invesco Asia Pacific Growth Fund was renamed Invesco EQV Asia Pacific Equity Fund. Please see prospectus for more information.

The MSCI All Country (AC) Asia Pacific ex-Japan Index is an unmanaged index considered representative of Asia Pacific region stock markets, excluding Japan. An investment cannot be made directly in an index.

About risk

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

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 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 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 reward 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.