

Invesco EQV Asia Pacific Equity Fund

Q4 2023

Key takeaways

1 The fund underperformed its benchmark
Class A shares underperformed the MSCI AC Asia Pacific ex Japan Index. Stock selection in consumer discretionary and consumer staples were the largest detractors from relative results.

2 Bottom-up stock selection focused on EQV (Earnings, Quality, Valuation) characteristics
During the quarter, we initiated one new position 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)	423.09
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Portfolio managers

Brent Bates, Mark Jason, Michael Shaman, Ge Sun

Manager perspective and outlook

- In a reversal from the third quarter, global equities rebounded in the fourth quarter. Previous concerns about interest rates staying "higher for longer" abated, and investors focused on possible interest rate cuts during 2024. In this environment, most major asset classes and sectors performed well, with US stocks outperforming international stocks and growth stocks outperforming value stocks. The energy sector was an exception, ending the quarter in negative territory, hampered by falling oil prices. Developed global equities outperformed emerging market equities. Within emerging markets, Chinese equities extended their decline from last quarter, but positive performance in other emerging regions, particularly Latin America, offset those results.
- Despite a general increase in investor confidence, we believe it is important to acknowledge that monetary policy remains uncertain and a soft economic landing is not guaranteed. Additional potential risks in 2024 include ongoing geopolitical tensions and elections around the globe. Following robust returns from global equities in 2023, these potential risks may cause market headwinds and may increase volatility as investors look for confirmation of a positive market transition. 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	5.89	6.48
Broadcom Inc	4.69	0.00
HDFC Bank Ltd	4.62	0.78
Samsung Electronics Co Ltd	4.07	4.51
Tencent Holdings Ltd	3.85	3.42
BDO Unibank Inc	3.82	0.08
Central Pattana PCL	3.63	0.06
Bank Central Asia Tbk PT	3.43	0.46
Tongcheng Travel Holdings Ltd	3.30	0.03
Techtronic Industries Co Ltd	3.03	0.22

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we initiated the following position:

Aristocrat Leisure is an Australian casino game manufacturer. The company has transformed its business model to include a higher mix of recurring revenue (i.e., daily fees, revenue share, leasing machines). The company has been gaining market share due to product innovation, including developing casino games for mobile devices. We initiated a position as the stock has been trading at a discount to its historical average.

We added to the fund's positions in several holdings, including Macau-based Galaxy Entertainment. We added to Galaxy given positive reopening trends in the Macau market, the recent launch of new hotels and convention center and entertainment facilities, which could boost market share, good cost controls, and a favorable valuation. The stock price has remained sluggish as investors have continued to question the strength of China's consumers. Meanwhile, Galaxy's third quarter results confirmed positive operating trends. We also added to Hong Kong-based Techtronic Industries, a global leader in cordless power tools and outdoor power equipment, selling popular brands Ryobi and Milwaukee. The company recently reaffirmed its favorable growth guidance, particularly for results in the professional power tools segment in the second half of the year. This guidance in our view indicates continued market share gains compared to key rivals.

We sold the fund's positions in the following stocks:

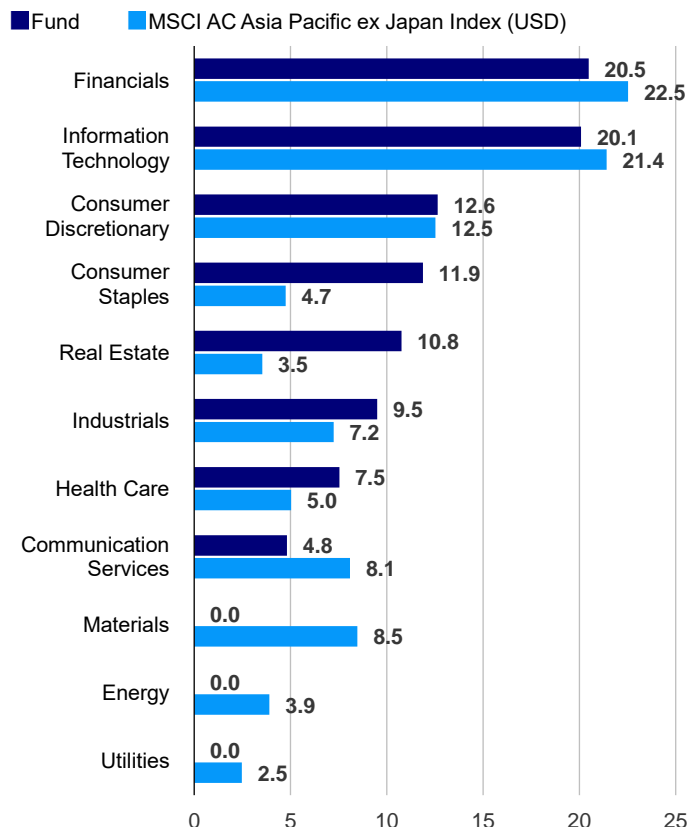
Douzone Bizon is a South Korean enterprise resource planning (ERP) company. After trimming the fund's position to a minimum level, we sold the remaining holdings due to concerns about corporate governance and capital allocation.

JD.com is a Chinese ecommerce company. Competition has become more intense, particularly in general merchandise. Chinese consumers have apparently become more focused on products offering greater value for the money, a trend that appears less beneficial for JD than for some of its competitors.

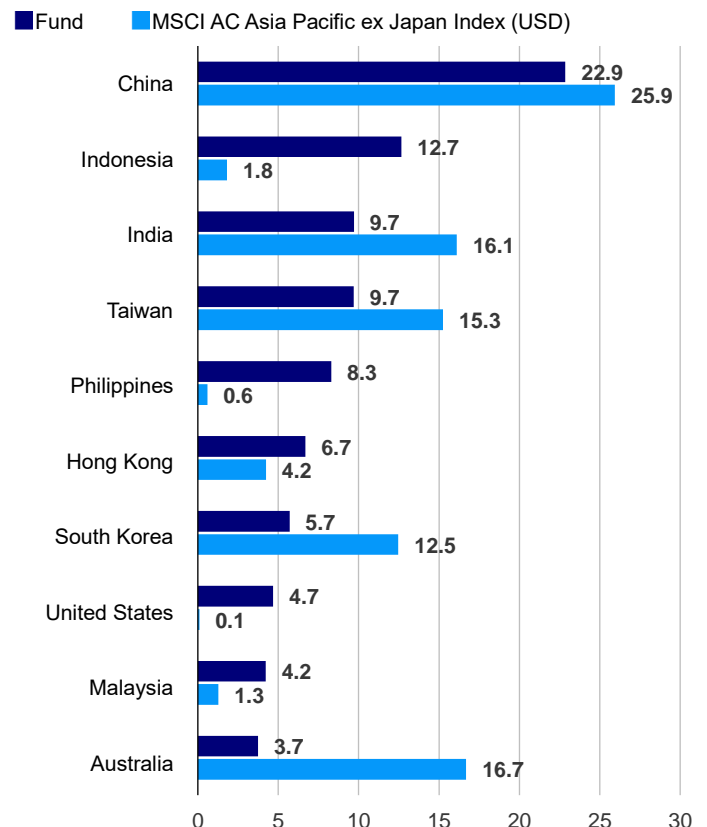
We also sold a very small position in **Meituan** that the fund received as a distribution from **Tencent**.

We trimmed the fund's positions in several other stocks, including **Yum China**, the exclusive operator of KFC, Pizza Hut and Taco Bell brands in China, Taiwan and Macau, and information technology (IT) company **Broadcom**.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Broadcom Inc.	35.01	1.53
Taiwan Semiconductor Manufacturing Company Limited	19.87	1.01
Samsung Electronics Co., Ltd.	20.80	0.74
MediaTek Inc.	45.25	0.69
Central Pattana Public Company Limited	18.06	0.64

Top detractors (%)

Issuer	Return	Contrib. to return
Yum China Holdings, Inc.	-23.63	-1.67
China Mengniu Dairy Co., Ltd.	-19.76	-0.67
Tongcheng Travel Holdings Limited.	-15.80	-0.64
China Resources Beer (Holdings) Co. Ltd.	-20.13	-0.57
Wuliangye Yibin Co., Ltd.	-7.43	-0.26

Performance highlights

Strong stock selection in IT was the largest contributor to relative performance. Fund holdings in industrials outperformed those of the benchmark index, adding to relative return. Having no exposure in the energy sector was beneficial as well. Geographically, US exposure and stock selection in Thailand and Hong Kong contributed to relative results.

Conversely, stock selection in consumer discretionary and consumer staples had the largest negative effect on relative results. An overweight in consumer staples and an underweight in materials also hampered relative return. Geographically, stock selection in China was the leading detractor from relative performance. An underweight in Australia had a negative effect on relative return, as did stock selection and an overweight in the Philippines.

Contributors to performance

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

Broadcom completed its acquisition of VMware, a leading cloud computing software business, during the fourth quarter. Broadcom has already shown progress in integrating VMware and extracting synergies. The company's overall earnings results and business guidance have been in our view reassuring, with strong growth in generative artificial intelligence. Given strong free cash flow generation, the company raised its stock dividend. The stock has continued to perform well, and the position size has grown, so we trimmed the fund's holdings.

Taiwan Semiconductor Manufacturing has performed well as the semiconductor cycle has become more supportive with better inventory levels and higher prices for semiconductor chips. We added to the fund's position during the quarter.

Detractors from performance

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

Yum China has been experiencing slower growth primarily due to greater competition, consumers trading down to cheaper products, and a lower mix of high-ticket delivery following COVID. The company has continued to exhibit good capital allocation and has delivered favorable economics from new, smaller format store openings. As previously mentioned, we trimmed the fund's position during the quarter.

China Mengniu Dairy stock declined as the company indicated slower-than-expected demand growth due to a weak market backdrop in the fourth quarter. On a positive note, Mengniu has been gaining market share in fresh milk and profit margins have been expanding in line with expectations.

Tongcheng Travel is an online travel agency operator in China. The stock has been weak due to investors' apparently negative sentiment toward China. We still have confidence in China's travel industry outlook and the company's long-term fundamentals.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 11/03/97	NAV	4.10	0.86	0.86	-5.46	4.80	4.46	7.77
	Max. Load 5.5%	-1.63	-4.69	-4.69	-7.23	3.62	3.87	7.54
Class R6 shares inception: 04/04/17	NAV	4.25	1.30	1.30	-5.10	5.23	4.75	-
Class Y shares inception: 10/03/08	NAV	4.20	1.14	1.14	-5.22	5.06	4.72	8.65
MSCI AC Asia Pacific ex Japan Index (USD)		7.84	7.36	7.36	-4.89	4.65	3.94	-
Total return ranking vs. Morningstar Pacific/Asia ex-Japan Stk category (Class A shares at NAV)		-	-	77% (35 of 50)	33% (11 of 46)	35% (17 of 46)	34% (13 of 33)	-

Expense ratios per the current prospectus: Class A: Net: 1.46%, Total: 1.46%; Class R6: Net: 1.04%, Total: 1.04%; Class Y: Net: 1.21%, 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	42	1,313
Top 10 issuers (% of AUM)	40.33	25.25
Wtd. avg. mkt. cap (\$M)	104,259	100,162
Price/earnings	20.52	16.47
Price to book	2.91	1.72
Est. 3 – 5 year EPS growth (%)	12.87	10.57
ROE (%)	17.25	16.19
Long-term debt to capital (%)	19.77	22.48
Operating margin (%)	27.16	21.19

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.36	0.00
Beta	0.87	1.00
Sharpe ratio	0.17	0.14
Information ratio	0.03	0.00
Standard dev. (%)	17.26	19.22
Tracking error (%)	5.09	0.00
Up capture (%)	77.86	100.00
Down capture (%)	90.57	100.00
Max. drawdown (%)	32.19	36.10

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.26	-0.11	0.15
Consumer Discretionary	-0.10	-2.21	-2.30
Consumer Staples	-0.44	-1.73	-2.17
Energy	0.19	0.00	0.19
Financials	0.05	-0.20	-0.15
Health Care	0.08	-0.44	-0.37
Industrials	0.00	0.60	0.60
Information Technology	-0.20	1.51	1.31
Materials	-0.37	0.00	-0.37
Other	0.00	0.00	0.00
Real Estate	-0.01	0.10	0.09
Utilities	-0.10	0.00	-0.10
Cash	-0.09	0.00	-0.09
Total	-0.73	-2.48	-3.22

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	-0.18	0.80	0.62
Asia/Pacific Ex Japan	-0.37	-0.13	-0.50
North America	1.12	0.00	1.12
Emerging	-0.03	-3.72	-3.75
Asia/Pacific Ex Japan	-0.03	-3.72	-3.75
Cash	-0.09	0.00	-0.09
Total	-0.30	-2.91	-3.22

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
United States	1.12	4.49	35.01
Thailand	0.42	3.69	18.06
Hong Kong	0.32	6.26	10.29
New Zealand	0.09	1.93	13.94
South Korea	0.04	5.24	26.33

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
China	-2.52	27.14	-12.38
Australia	-0.89	3.12	14.58
Philippines	-0.53	8.20	1.38
Indonesia	-0.51	12.27	2.84
India	-0.30	8.68	11.40

Unless otherwise specified, all information is as of 12/31/23. 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.