

# Invesco Emerging Markets ex-China Fund

## Q1 2026

## Key takeaways

**1 The fund outperformed its benchmark**  
The fund had a positive return for the quarter outperforming the MSCI EM ex China Index. Stock selection in energy was the largest contributor to relative return.

**2 Emerging markets ex China opportunity**  
We believe emerging market equities (excluding China) offer strong earnings growth potential, with reasonable valuation levels across much of the universe.

**3 Geopolitics appeared to dominate market sentiment**  
War in Iran and the broader Middle East appeared to drive volatile conditions in emerging markets ex China, with commodity price movements influencing returns. However, many companies in the universe still, in our view, exhibit solid fundamentals not fully reflected in current valuations.

### Investment objective

The fund seeks long-term growth of capital.

### Fund facts

Fund AUM (\$M)	1,085.53
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### Portfolio managers

Charles Bond, James McDermottroe, Matthew Pigott

## Manager perspective and outlook

- Emerging market equities, excluding China, delivered a positive return for the quarter and finished among the better performing markets globally.
- Market conditions shifted late in the quarter as rising geopolitical tensions in the Middle East appeared to trigger a deterioration in risk sentiment. Higher energy prices seemed to lead investors to reassess inflation risks and monetary policy expectations, reversing some of the earlier momentum.
- We believe emerging market ex-China equities offer strong earnings growth potential, with reasonable valuation levels across much of the universe.
- Though we remain mindful of geopolitical risks and uncertainty that may come with the US government's pursuit of protectionist policies, we also believe that emerging market corporations generally have healthy balance sheets and competitive advantages, which could make them more resilient than what is currently implied in valuations.
- Moreover, if specific global trade channels are forced to reconfigure away from China, other emerging market countries could benefit, which would likely foster further growth in trade among emerging countries.



## Top issuers

(% of total market value)

	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	16.42	13.29
Samsung Electronics Co Ltd	10.13	5.66
HDFC Bank Ltd	3.16	0.86
Kasikornbank PCL	3.15	0.03
Petroleo Brasileiro SA - Petrobras	3.04	0.80
Vale SA	2.75	0.56
Saudi National Bank/The	2.69	0.32
Naspers Ltd	2.49	0.39
Fomento Economico Mexicano SAB de CV	2.33	0.18
Yageo Corp	2.22	0.12

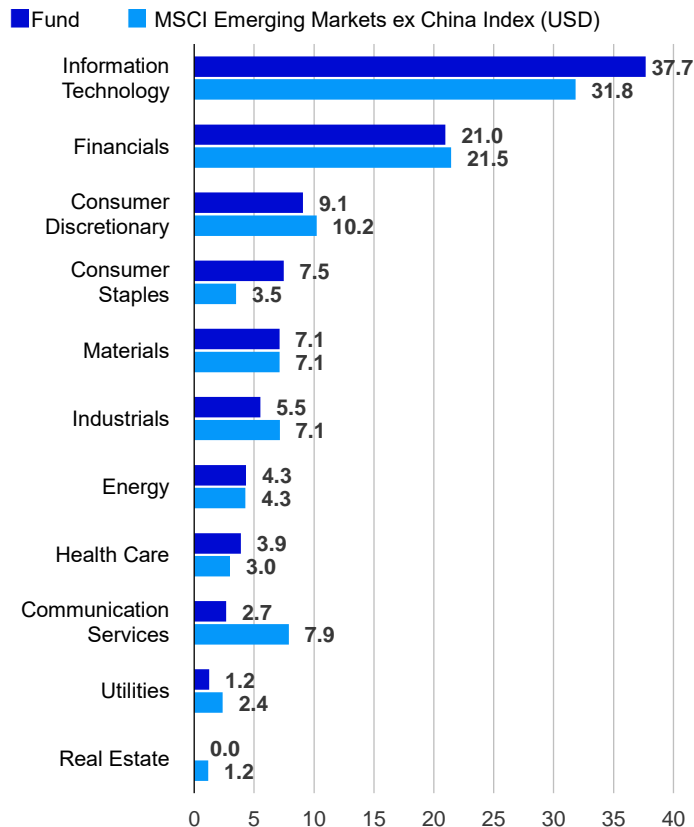
As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

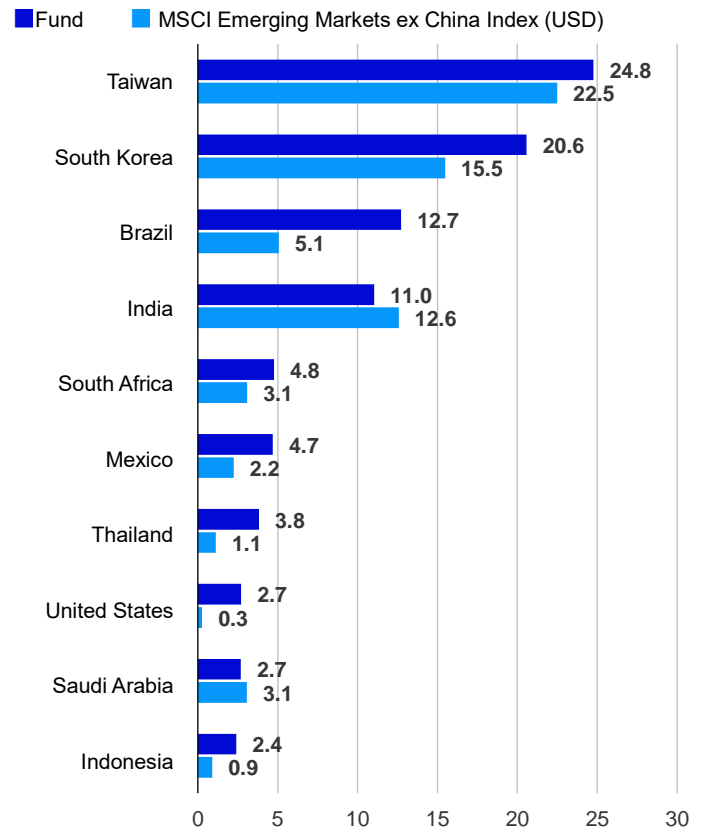
At quarter end, the fund's largest absolute sector weights were in information technology (IT), financials, consumer discretionary and consumer staples. The largest country exposures were Taiwan, South Korea, Brazil and India.

Relative to the MSCI Emerging Markets ex China Index, the fund's largest overweights were in consumer discretionary, consumer staples and health care. The most significant underweights were industrials, IT, financials and utilities. On a geographic basis relative to the benchmark, the fund's largest overweights were in Brazil, the US, Thailand and Mexico, while the largest underweights were in Taiwan, India and South Africa.

## Sector breakdown (% of total market value)



## Top countries (% of total market value)



## Top contributors (%)

Issuer	Return	Contrib. to return
Samsung Electronics Co., Ltd.	28.90	2.55
Taiwan Semiconductor Manufacturing Company Limited	11.94	1.68
Petroleo Brasileiro S.A.	66.34	1.16
Samsung Electro-Mechanics Co., Ltd	51.29	0.52
Telefonica Brasil S.A.	34.44	0.48

## Top detractors (%)

Issuer	Return	Contrib. to return
HDFC Bank Limited	-31.90	-1.31
Naspers Limited	-24.62	-0.60
EPAM Systems, Inc.	-33.01	-0.47
Grab Holdings Limited	-26.43	-0.40
Shriram Finance Limited	-17.03	-0.32

## Performance highlights

Stock selection in energy added the most to relative performance. Stock selection and an underweight in IT, along with stock selection in industrials, also added to relative return. Stock selection in financials was the largest detractor from relative return. An overweight in consumer discretionary also detracted from relative results.

Geographically, stock selection and an overweight in Brazil added the most to relative results. An underweight in India and an overweight and stock selection in South Korea also added to relative results. An overweight in the US was the largest detractor. An overweight in Singapore, along with stock selection in Thailand, also negatively affected relative results.

### Contributors to performance

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

**Samsung Electronics** is a leading consumer and industrial electronic equipment manufacturer whose primary businesses include smartphones, consumer electronics, display and semiconductors. Earnings estimates for Samsung rose on the belief that ongoing demand for artificial intelligence (AI) infrastructure would drive prices for its memory chips. Also, the company's high bandwidth memory chips appear to have passed internal evaluations in the approval process to supply NVIDIA (not a fund holding). We have always liked Samsung's strong balance sheet and robust free cash flow, particularly because shareholder return

appears near the top of the company's agenda.

**Taiwan Semiconductor Manufacturing** is one of the world's leading semiconductor foundries and a key enabler of the new computing revolution. It is known for advanced technology, high-volume production and a robust customer base, including major technology companies like Apple, Qualcomm and NVIDIA (not fund holdings).

**Petróleo Brasileiro** engages in oil and gas exploration, production and distribution. The company's earnings outlook has improved amid record oil and gas production and stronger-than-expected operational performance, which support rising free cash flow and sizable dividend payments.

### Detractors from performance

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

**HDFC Bank** is India's largest private-sector bank, with a dominant retail franchise, strong deposit base and broad lending exposure across consumer, commercial and corporate segments.

**Naspers** is an internet and media group operating in corporate, food delivery, classifieds, payments and financial technology, education technology and electronic retail.

**EPAM Systems** is a global IT services and consulting company focused on digital platform engineering, software development and technology transformation for enterprise clients.

## Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 01/11/94	NAV	7.58	7.58	37.55	11.82	2.88	7.32	5.49
	Max. Load 5.5%	1.65	1.65	29.97	9.72	1.72	6.71	5.31
Class R6 shares inception: 09/24/12	NAV	7.67	7.67	38.04	12.23	3.27	7.74	4.75
Class Y shares inception: 10/03/08	NAV	7.65	7.65	37.88	12.10	3.14	7.59	6.94
MSCI Emerging Markets ex China Index (USD)		3.16	3.16	41.30	18.55	8.07	9.25	-
Total return ranking vs. Morningstar Diversified Emerging Mkts category (Class A shares at NAV)		-	-	23% (163 of 735)	82% (582 of 694)	71% (392 of 617)	65% (283 of 461)	-

Expense ratios per the current prospectus: Class A: Net: 1.40%, Total: 1.40%; Class R6: Net: 1.00%, Total: 1.00%; Class Y: Net: 1.15%, Total: 1.15%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](http://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. On Oct. 31, 1997, the fund reorganized from a closed-end fund to an open-end fund. Returns through that date are the closed-end fund's historical performance. Returns since that date are those of the open-end fund. Fees and expenses of the open-end fund differ from those of the closed-end fund. Index source: RIMES Technologies Corp. 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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	19.75	30.34	-18.75	29.97	17.14	-6.98	-17.70	8.81	-0.65	29.85
Class R6 shares at NAV	20.22	30.86	-18.40	30.52	17.58	-6.61	-17.41	9.23	-0.29	30.33
Class Y shares at NAV	20.05	30.65	-18.53	30.32	17.41	-6.75	-17.47	9.07	-0.42	30.16
MSCI Emerging Markets ex China Index (USD)	15.02	31.25	-12.43	16.23	12.55	10.03	-19.26	20.03	3.56	34.61

### Portfolio characteristics\*

	Fund	Index
No. of holdings	56	1,204
Top 10 issuers (% of AUM)	46.69	31.85
Wtd. avg. mkt. cap (\$M)	309,294	299,009
Price/earnings	15.84	15.96
Price to book	1.96	2.18
Est. 3 – 5 year EPS growth (%)	18.43	17.25
ROE (%)	17.49	19.72
Long-term debt to capital (%)	20.00	20.22
Operating margin (%)	24.27	25.09

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-3.87	0.00
Beta	0.80	1.00
Sharpe ratio	-0.03	0.26
Information ratio	-0.55	0.00
Standard dev. (%)	16.60	17.70
Tracking error (%)	9.38	0.00
Up capture (%)	58.77	100.00
Down capture (%)	92.31	100.00
Max. drawdown (%)	34.98	26.97

## Quarterly performance attribution

### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.13	0.46	0.59
Consumer Discretionary	-0.79	0.48	-0.31
Consumer Staples	-0.18	0.55	0.37
Energy	0.09	1.32	1.42
Financials	0.06	-1.06	-1.01
Health Care	-0.12	0.60	0.47
Industrials	0.09	0.52	0.61
Information Technology	0.02	-0.71	-0.68
Materials	0.04	0.12	0.16
Other	0.01	0.00	0.01
Real Estate	0.21	0.00	0.21
Utilities	-0.02	0.02	0.00
Cash	0.01	0.00	0.01
<b>Total</b>	<b>-0.43</b>	<b>2.29</b>	<b>1.86</b>

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
<b>Developed</b>	<b>-0.78</b>	<b>0.00</b>	<b>-0.78</b>
<b>Emerging</b>	<b>0.00</b>	<b>2.63</b>	<b>2.63</b>
<b>Cash</b>	<b>0.01</b>	<b>0.00</b>	<b>0.01</b>
<b>Total</b>	<b>-0.77</b>	<b>2.63</b>	<b>1.86</b>

## Performance attribution (cont'd)

### Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Brazil	1.65	11.50	27.47
India	1.53	11.91	-18.69
Portugal	0.36	1.03	40.76
South Korea	0.31	21.84	16.66
Hungary	0.25	1.80	17.06

### Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Taiwan	-1.09	24.44	5.64
United States	-0.62	2.73	-16.60
Thailand	-0.53	3.76	-5.84
Singapore	-0.50	1.42	-26.43
South Africa	-0.48	3.11	-20.64

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to MSCI Emerging Markets ex China Index (USD).

The MSCI Emerging Markets ex China Index captures large and mid-cap representation across 23 of the 24 Emerging Markets (EM) countries, excluding China. An investment cannot be made directly in an index.

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

**Effective August 22, 2025, the Invesco EQV Emerging Markets All Cap Fund was renamed Invesco Emerging Markets ex-China Fund.**

#### 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.

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.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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.

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.**