

Invesco Developing Markets Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of June 30, 2020



Investment objective

The fund seeks long-term growth of capital.

Portfolio management

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Fund facts

Nasdaq	A: GTDDX	C: GTDCX Y: GTDYX
Total Net Assets	\$2,066,942,958	
Total Number of Holdings	61	

Top holdings

	% of total net assets
Alibaba	4.55
Samsung Electronics	4.35
Yandex	3.86
Taiwan Semiconductor	3.69
Yum China	3.59
Wuliangye Yibin	3.31
Tencent	3.30
China Mengniu Dairy	3.09
Sberbank of Russia Pfd	3.09
JD.com	2.48

Top contributors

	% of total net assets
1. Wuliangye Yibin	3.31
2. Yandex	3.86
3. JD.com	2.48
4. Meituan Dianping	1.21
5. Tencent	3.30

Top detractors

	% of total net assets
1. Bank Mandiri	0.00
2. Industrial & Commercial Bank of China	0.66
3. TOTVS	0.62
4. ICL	0.00
5. Vietnam Dairy Products	0.73

Market overview

- + The global spread of the novel coronavirus continued into the second quarter of 2020. However, during the quarter, many countries achieved some success in controlling the spread and were able to slowly reopen their economies.
- + Global equity markets benefited from government policy response to the crisis, which was swift and encouraging. Many economies received fiscal stimulus and very significant monetary stimulus.
- + The massive monetary policy response created a second quarter environment in which investors embraced risk. Emerging markets rose after a deep rout in the first quarter, with the Asian region leading equity gains.

Positioning and outlook

- + We added two new holdings during the quarter, the Philippines largest bank **BDO Unibank** and high-quality dairy products maker **Vietnam Dairy Products** (0.95% and 0.73% of total net assets, respectively). We took the opportunity to add **BDO Unibank** at an attractive valuation as its shares sold off due to COVID-19. As noted above, we sold Indonesia-based **Bank Mandiri** (0.00% of total net assets).
- + Our team has continued to follow the same long-term, bottom-up Earnings-Quality-Valuation (EQV) investment philosophy/process. Our EQV strategy is long-term oriented; therefore, we believe market corrections can provide attractive opportunities to invest in undervalued businesses.
- + After purchasing several high quality growth companies at attractive valuation levels during the first half of the year, we believe the fund could be well positioned to benefit whether the market sustains its recovery or there is a correction due to a second wave of COVID-19.

Performance highlights

- + Invesco Developing Markets Fund Class A shares at net asset value (NAV) outperformed its benchmark index during the quarter. (Please see the investment results table on page 2 for fund and index performance.)

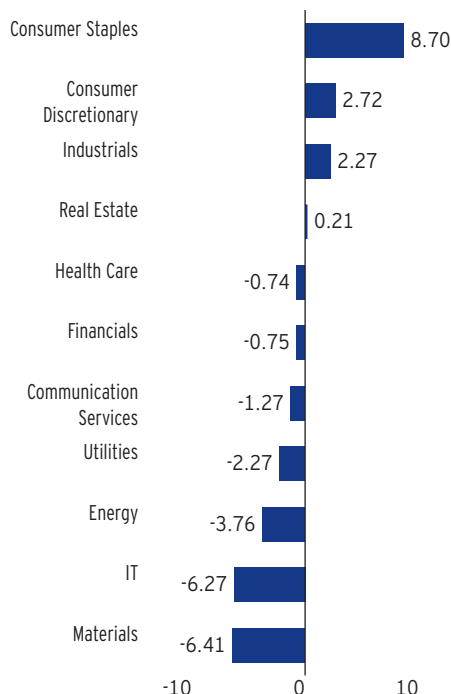
Contributors to performance

- + Stock selection in the financials sector was a key contributor to relative outperformance. Notable individual contributors within the sector were Mexican stock exchange **Bolsa Mexicana de Valores** and leading Russian bank **Sberbank** (1.91% and 4.35% of total net assets, respectively).
- + Fund holdings in consumer discretionary, communication services and consumer staples outperformed those of the benchmark sectors, adding to relative return. An overweight in consumer discretionary was beneficial as well.
- + Geographically, strong stock selection in China and Russia benefited relative performance. An underweight in China and an overweight in Russia were advantageous as well.
- + Chinese spirits maker **Wuliangye Yibin** was the fund's largest individual contributor. Double-digit sales growth in China for the company's baijiu (white liquor) has resulted from strong demand for the company's premium products. Additionally, sales channel reforms, product mix optimization and cost structure improvement have led to higher profit margins and returns.

Detractors from performance

- + Stock selection in the health care sector detracted from relative return. Lack of exposure to select index stocks, including **Celltrion** and **Alibaba Health Information Technology** (both 0.00% of total net assets), hampered relative performance.
- + The fund's holdings in the information technology sector underperformed those of the benchmark index, detracting from relative results. An underweight in the sector also hampered relative return.
- + Geographically, stock selection in Taiwan, Indonesia and India detracted from relative results. Underweights in Taiwan and India detracted as well.
- + Given the rising equity market, the fund's cash position dampened relative results. As a reminder, cash is a by-product of our bottom-up stock selection process.
- + Indonesia-based **Bank Mandiri** was the largest individual detractor during the quarter. We exited the fund's position during the quarter due to concerns about asset quality as we saw a rapid increase in restructured loans driven by reduced economic activity tied to pandemic lockdowns.

The fund's positioning versus the MSCI Emerging Markets Index (% underweight/overweight)



Investment results

Average annual total returns (%) as of June 30, 2020

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 01/11/94	NAV	Inception: 03/01/99	NAV	Inception: 10/03/08	
	Max Load 5.50%		Max CDSC 1.00%			MSCI Emerging Markets Index
Inception	4.88	5.10	8.55	8.55	6.62	-
10 Years	3.36	3.94	3.17	3.17	4.20	3.27
5 Years	3.19	4.36	3.59	3.59	4.62	2.86
3 Years	0.53	2.44	1.67	1.67	2.70	1.90
1 Year	-6.02	-0.54	-2.29	-1.30	-0.30	-3.39
Quarter	14.41	21.06	19.83	20.83	21.14	18.08

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.invesco.com/performance) 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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. 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. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.38	1.39	Dom Common Stock	1.65
Class C Shares	2.13	2.14	Intl Common Stock	92.42
Class Y Shares	1.13	1.14	Cash	5.80
			Other	0.13

Per the current prospectus
 Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2021. See current prospectus for more information.

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Class Y shares are available only to certain investors. See the prospectus for more information.

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.

1 The fund holds 1.62% in Sberbank common shares and 3.98% in Sberbank preferred shares, for a total of 5.60%. The MSCI Emerging Markets Index (ND) is an unmanaged index considered representative of stocks of developing countries. The index is computed using the net return, which withholds applicable taxes for non-residents investors. An investment cannot be made directly in an index.

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.

Stocks of small and mid-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.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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 advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

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 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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.