Invesco International Bond Fund

Q4 2025

Key takeaways

1 **The fund outperformed for the quarter**
The fund outperformed its benchmark for the quarter. The fund's interest rate, credit and foreign currency exposures added to absolute performance, with interest rate positioning serving as the primary driver.

2 **Opportunity to maximize diversification with non-US exposure**
Pure international exposure with actively managed currency exposure may be an effective complement to US fixed income, by offering additional diversification, income and total return potential.

3 **We believe weakening US dollar offers greater total return potential for international fixed income**
The US dollar declined over 9% in 2025 yet has remained expensive on a historical basis and could be vulnerable to further decline, particularly if US growth slows.

Investment objective
The fund seeks total return.

Fund facts

Fund AUM ($M)	1,372.77

Portfolio managers
Arin Kornchankul, Hemant Baijal, Kristina Campmany, Michael Block

Manager perspective and outlook

- Economic and policy outlooks have continued to diverge across regions and countries, offering a robust opportunity set beyond the US that may encourage investors to consider diversifying.
- Despite lingering economic and inflation uncertainties, global growth has remained positive, with generally easier global monetary policy and supportive fiscal spending.
- The US government shutdown (which paused data releases) ultimately ended mid-quarter, followed by the release of stabilizing labor market data and lower-than-expected US CPI.
- The US Federal Reserve (Fed) cut the federal funds rate by 0.50% and signaled more data-dependence going forward. The Bank of England and Reserve Bank of New Zealand also cut interest rates, while the Reserve Bank of Australia, Bank of Canada and European Central Bank held steady and the Bank of Japan hiked rates.
- Emerging market central banks largely continued their easing cycles, though more conservatively amid better-than-expected growth. We believe improving inflation leaves the door open for further cuts in 2026.
- Though higher for the quarter, the US dollar weakened in 2025, down over 9%. We believe downward pressure is likely to continue.
- As economic outcomes and policy decisions further diverge, we believe this is an exceptional environment for active management to generate alpha (excess return above a given benchmark).

Portfolio characteristics*

Effective duration (years)	5.19
Weighted avg. effective maturity (years)	5.46
30-day SEC yield (Class A shares)	4.65
30-day SEC unsubsidized yield (Class A shares)	4.60

Quality breakdown

	(% total)
AAA	6.3
AA	8.3
A	7.9
BBB	18.3
BB	27.7
B	4.0
CCC and below	2.2
Not rated	7.1
Cash and Cash equivalent	12.3
Derivatives & FX	5.9

Investment categories

	(% total)
Emerging Market Debt	**38.4**
Emerging Market Sovereign Bonds	31.2
Emerging Market Corporate Bonds	7.2
Non-US Debt	**22.1**
Non-US Government Bonds	11.6
Non-US Investment Grade Bonds	6.6
Non-US High Yield Bonds	3.9
Securitized	**12.0**
Mortgage TBAs/Other	12.0
Cash & Cash Equivalent	**12.3**
Derivatives & FX	**5.9**
Other	**9.2**

Portfolio positioning

During the quarter, foreign currency exposure decreased, mainly by reducing exposure to developed market currencies, and, to a lesser extent, emerging market currencies. Duration exposure increased, primarily by adding developed market duration. Credit exposure also increased, primarily from developed market corporates.

Our global outlook remains positive to benign, upheld by generally easier monetary policy and fiscal support, albeit with divergence across countries and tempered by growing global imbalances. In the US, we expect growth to benefit from supportive tax policy, loose fiscal conditions and accommodative monetary policy. Fiscal spending has been supporting Eurozone growth, given greater focus on security and increasing capital expenditures. Emerging markets (excluding China) have also been seeing momentum, with solid growth in India and South Africa, while Eastern European economies have been bolstered by Europe’s upswing. We expect inflation to remain under control, as we believe the US dollar should be stable or decline.

Nevertheless, growing global imbalances in our view pose risks. China has maintained an excessive trade surplus while exporting deflation. In the US, we believe sticky inflation and labor market uncertainty demand a balancing act, while Fed leadership or member changes could generate more aggressive easing and likely greater dissent. In the Eurozone, we see a supply/demand mismatch in longer maturity bond markets. We see the greatest imbalance in Japan. The yen has depreciated despite a large current account surplus and high savings rate, as lagging economic growth has depressed investment returns, causing a large buildup of unhedged offshore assets.

In 2025, divergence was, in our view, clearly visible in foreign currency markets, with the US dollar’s decline marking what we see as a significant shift. Currencies such as the euro and Swiss franc appreciated about 15% versus the dollar, while the Japanese yen diverged mid-year and was unchanged at year end. Given Japan’s large buildup of unhedged offshore assets, this could lead to a disorderly appreciation of the yen, as seen in Taiwan earlier and in South Korea to a lesser extent at year end.

Greater dispersion and potential volatility, in our view, reinforce the value of diversification and importance of an active approach in seeking excess return while managing risk. Given the wide range of economic and policy outcomes globally, we believe today’s environment rewards active country selection across interest rate, credit and foreign currency exposures.

Performance highlights

The fund's Class A shares at net asset value (NAV) outperformed its benchmark for the quarter. The fund's interest rate positioning added to relative return, while credit and foreign currency exposures detracted. The top contributors to relative return were overall yield curve positioning, positioning in the South African rand and interest rate positioning in Brazil. The largest detractors from relative return were interest rate positioning in Australia, along with positioning in the Chinese renminbi and South Korean won.

Contributors to performance

- Overall yield curve positioning
- Positioning in the South African rand
- Interest rate positioning in Brazil

Detractors from performance

- Interest rate positioning in Australia
- Positioning in the Chinese renminbi
- Positioning in the South Korean won

Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/15/95	NAV	4.81	16.86	16.86	8.84	0.15	2.82	5.87
	Max. Load 4.25%	0.28	11.94	11.94	7.29	-0.72	2.37	5.72
Class R6 shares inception: 01/27/12	NAV	4.89	17.20	17.20	9.09	0.47	3.20	2.39
Class Y shares inception: 09/27/04	NAV	4.66	16.90	16.90	9.04	0.36	3.06	4.39
Custom Invesco International Bond Fund Benchmark		1.41	12.83	12.83	6.36	-1.90	2.03	-
Total return ranking vs. Morningstar Global Bond category (Class A shares at NAV)		-	-	3% (6 of 147)	2% (4 of 147)	37% (44 of 142)	13% (16 of 126)	-

Expense ratios per the current prospectus: Class A**: Net: 1.04%, Total: 1.16%; Class R6**: Net: 0.76%, Total: 0.76%; Class Y**: Net: 0.79%, Total: 0.92%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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. 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. Index sources: Invesco, FactSet Research Systems Inc., 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.

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	6.13	10.85	-5.88	9.42	8.23	-10.24	-12.96	8.25	1.93	16.86
Class R6 shares at NAV	6.79	11.13	-5.53	10.06	8.47	-9.90	-12.49	8.34	2.23	17.20
Class Y shares at NAV	6.40	11.12	-5.65	9.69	8.49	-10.00	-12.73	8.27	2.42	16.90
Custom Invesco International Bond Fund Benchmark	6.00	11.83	-3.58	9.68	7.39	-7.83	-18.10	8.96	-2.13	12.83

**Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb 28, 2026.

Unless otherwise specified, all information is as of 12/31/25. Unless stated otherwise, Index refers to Custom Invesco International Bond Fund Benchmark.

The Custom Invesco International Bond Index is composed of 50% FTSE Non-U.S. Dollar World Government Bond Index, 30% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 20% JP Morgan Emerging Markets Bond Index Global Diversified. From Jan. 1, 2003, through Dec. 31, 2011, the underlying index weights were 70% FTSE Non-U.S. Dollar World Government Bond Index, 20% JP Morgan Government Bond Index - Emerging Markets Global Diversified and 10% JP Morgan Emerging Markets Bond Index Global Diversified. The FTSE Non-U.S. Dollar World Government Bond Index is a broad benchmark providing exposure to the global sovereign fixed income market, excluding the US. The JP Morgan Government Bond Index - Emerging Markets Global Diversified is composed of regularly traded, liquid fixed-rate, domestic currency government bonds. The JP Morgan Emerging Markets Bond Index Global Diversified tracks the traded market for US dollardenominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities. An investment cannot be made directly in an index.

About Risk

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.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

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.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

Junk bonds have greater risk of default or price changes due to changes in the issuer's credit quality. Junk bond values fluctuate more than high quality bonds and can decline significantly over a short time.

Issuers of sovereign debt or the governmental authorities that control repayment may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of default. Without debt holder approval, some governmental debtors may be able to reschedule or restructure their debt payments or declare moratoria on payments.

Because the Subsidiary is not registered under the Investment Company Act of 1940, as amended (1940 Act), the Fund, as the sole investor in the Subsidiary, will not have the protections offered to investors in U.S. registered investment companies.

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.
Ratings source: Standard & Poor's, Moody's or Fitch, as applicable. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. A negative in Cash indicates fund activity that has accrued or is pending settlement. For more information on rating methodologies, please visit the following NRSRO websites: www.standardandpoors.com and select 'Understanding Credit Ratings' under Rating Resources 'About Ratings' on the homepage; https://ratings.moodys.io/ratings and select 'Understanding Ratings' on the homepage; www.fitchratings.com and select 'Ratings Definitions Criteria' under 'Resources' on the homepage. Then select 'Rating Definitions' under 'Resources' on the 'Contents' menu.

*** 30-day SEC yield** is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. **30-day SEC unsubsidized yield** reflects the 30-day yield if the investment adviser were not waiving all or part of its fee or reimbursing the fund for part of its expenses. Total return would have also been lower in the absence of these temporary reimbursements or waivers. **Effective duration** is the managers' estimate of a bond fund's price sensitivity to changes in interest rates. This measure takes into account mortgage prepayments, puts, adjustable coupons and potential call dates. **Weighted average maturity** is a measure, as estimated by the fund's portfolio managers, of the length of time the average security in a bond fund will mature or be redeemed by its issuer. It takes into account mortgage prepayments, puts, adjustable coupons and potential call dates.

Morningstar

 Past performance is no guarantee of future results. 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. Rankings for other share classes may differ due to different performance characteristics.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.