QUARTERLY REVIEW A: OEMAX | R6: OEMIX | Y: OEMYX

Invesco Emerging Markets Local Debt Fund

Q4 2024

Key takeaways

1 Emerging market debt offers income, diversification and total return potential

Emerging market local bonds in our view offer an attractive opportunity to invest in a high-yielding asset class with low correlation to both US stocks and bonds and potentially high total returns.

2 Emerging market debt has the potential to provide high income

Nominal and real interest rates remain elevated in our view, while disinflation generally continues. Emerging market income is attractive, in our view, and individual country dynamics offer compelling total return opportunities.

3 Favorable outlook for emerging market local debt

Improving global growth differentials and normalizing financial conditions across the world should in our view benefit emerging markets fixed income. We believe economic and policy divergences across regions and countries create exciting opportunities for active managers.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM ($M)	81.61

Portfolio managers

Hemant Baijal, Wim Vandenhoeck

Manager perspective and outlook

- Global economic and monetary policies diverged in the fourth quarter of 2024. Given the spate of election outcomes that resulted in new administrations over the past year, the prospects for further divergence are accelerating, in our view.
- The US Federal Reserve (“Fed”) continued easing, cutting the federal funds rate by 0.25% twice in the fourth quarter. Due to stronger-than-expected growth and higher-than-expected inflation, the Fed signaled less aggressive easing of financial conditions in 2025.
- President Trump’s victory ended election uncertainty, but expectations for tariff and immigration policies have raised uncertainty about economic and market outlooks.
- The US dollar hit a two-year high on the prospect of fewer rate cuts in 2025.
- In developed markets, central banks largely continued rate cuts albeit slowing the pace. Japan kept rates steady but signaled the economy is on track for a moderate recovery given the tighter labor market and higher wages.
- Emerging market central banks continued their easing cycles in the fourth quarter, proceeding cautiously. Brazil was an outlier, hiking rates and signaling further tightening if inflation continues.
- Going forward, we expect economic and policy divergences across regions and countries to persist in 2025. We believe individual country dynamics offer compelling total return opportunities for active managers such as ourselves.

Portfolio characteristics*

Effective duration (years)	6.24
Weighted avg. effective maturity (years)	8.01
30-day SEC yield (Class A shares)	7.52
30-day SEC unsubsidized yield (Class A shares)	7.14

Quality breakdown

	(% total)
AAA	3.5
AA	2.6
A	19.5
BBB	39.7
BB	25.8
B	2.5
Not rated	2.0
Cash and Cash equivalent	1.4
Derivatives & FX	3.2

Investment categories

	(% total)
Emerging Market Debt	**87.1**
Emerging Market Sovereign Bonds	85.4
Emerging Market Corporate Bonds	1.7
Non-US Debt	**4.7**
Non-US Sovereign Bonds	4.7
Cash & Cash Equivalent	**1.4**
Derivatives & FX	**3.2**
Other	**3.6**

Portfolio positioning

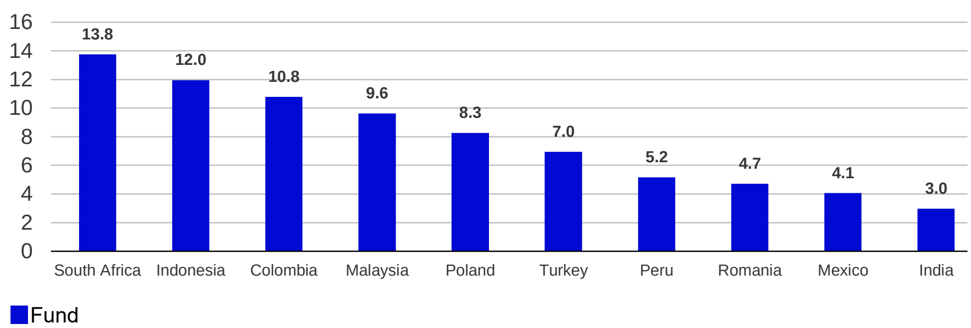
During the quarter, we reduced the fund's foreign currency exposure, primarily by decreasing exposure to emerging market currencies, because we believe currency is the asset class most sensitive to initial policies of the incoming US administration. We increased the fund's duration positioning, primarily by raising exposure in Poland and the Czech Republic.

The Fed reduced interest rates during the quarter, making two 0.25% cuts. Sticky inflation and resilient growth drove the Fed to a more hawkish stance in December, scaling back the cuts forecast for 2025. We believe US growth will continue in the first half of 2025 as we expect reduced regulation and tax cuts from the incoming administration, with momentum potentially slowing in the second half. Policy shifts under the new administration will likely create short-term volatility in global markets, but the fund may benefit from greater dispersion in returns across countries and regions. This will likely depend on the Fed's reaction to various US policies and counter responses by US trading partners. While tariffs could affect the US dollar initially, we see greater differentiation occurring across currencies as countries enact domestic policies.

Most developed markets eased rates through 2024. In the fourth quarter, the Bank of England, Bank of Canada, European Central Bank and central banks across New Zealand, Switzerland and Sweden lowered rates. Many emerging market central banks continued their easing cycles. Turkey, South Korea and Thailand initiated cutting cycles. In Latin America, Mexico, Colombia and Chile extended their monetary easing. Brazil's central bank raised rates and alluded to further tightening if inflation and inflation expectations continue to increase. China again pushed for its five-year $1.4 trillion local debt package, which may provide an initial boost to growth prospects, but in our view, is not enough to sustain the economy in the long term. We expect more divergence in monetary policy as developed and emerging markets reduce rates at various speeds or even hike in the case of Japan and Brazil.

We believe differences in growth, inflation and monetary policies across regions and countries will likely broaden in 2025, and less restrictive stances from central banks support a favorable outlook for emerging markets fixed income. In our view, these divergences, given individual country dynamics, offer compelling total return potential for sophisticated active managers like us.

Top countries (% of total net assets)



Top/bottom rates relative returns

	bps
Turkey	39
Egypt	12
Chile	8
China	-19
Mexico	-34
Brazil	-82

Top/bottom FX rates relative returns

	bps
MXN	12
CNH	10
CZK	6
ZAR	-11
EGP	-11
TRY	-19

Performance highlights

The fund's Class A shares at net asset value (NAV) underperformed its benchmark for the quarter. The fund's interest rate positioning and foreign currency exposure detracted from relative return. The top contributors to relative return were interest rate positioning in Turkey and Egypt and positioning in the Mexican Peso. The largest detractors from relative return were interest rate positioning in Brazil, Mexico and China.

Contributors to performance

- Interest Rate Positioning in Turkey
- Interest Rate Positioning in Egypt
- Positioning in the Mexican Peso

Detractors from performance

- Interest Rate Positioning in Brazil
- Interest Rate Positioning in Mexico
- Interest Rate Positioning in China

Standardized performance (%) as of December 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 06/30/10	NAV	-8.36	-5.13	-5.13	-0.60	-1.80	0.86	1.04
	Max. Load 4.25%	-12.29	-9.15	-9.15	-2.03	-2.64	0.43	0.74
Class R6 shares inception: 09/28/12	NAV	-8.46	-4.89	-4.89	-0.30	-1.47	1.19	0.09
Class Y shares inception: 06/30/10	NAV	-8.28	-4.70	-4.70	-0.29	-1.53	1.12	1.31
JP Morgan GBI EM Global Diversified Index		-6.98	-2.38	-2.38	-0.96	-1.86	0.43	-
Total return ranking vs. Morningstar Emerging-Markets Local-Currency Bond category (Class A shares at NAV)		-	-	88% (60 of 66)	49% (34 of 64)	49% (38 of 62)	23% (16 of 56)	-

Expense ratios per the current prospectus: Class A**: Net: 1.24%, Total: 1.50%; Class R6**: Net: 0.99%, Total: 1.11%; Class Y**: Net: 0.99%, Total: 1.26%.

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 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.

The JP Morgan Government Bond Index Emerging Markets (GBI EM) Global Diversified Index is a comprehensive global local emerging markets index comprising liquid, fixed rate, domestic currency government bonds. An investment cannot be made directly in an index.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-12.04	11.84	14.94	-7.05	13.50	3.77	-10.40	-9.10	13.87	-5.13
Class R6 shares at NAV	-11.69	12.12	15.32	-6.79	13.86	4.22	-10.10	-8.74	14.19	-4.89
Class Y shares at NAV	-11.78	12.17	15.19	-6.86	13.73	3.98	-10.19	-8.70	13.94	-4.70
JP Morgan GBI EM Global Diversified Index	-14.92	9.94	15.21	-6.21	13.47	2.69	-8.75	-11.69	12.70	-2.38

****** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Feb 28, 2025.

Unless otherwise specified, all information is as of 12/31/24. Unless stated otherwise, Index refers to Bloomberg Global Aggregate ex USD Index.

About risk

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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

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. Developing markets may especially be volatile.

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

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.

The Fund is considered non-diversified and may experience greater volatility than a more diversified investment.

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

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.