

Invesco EQV Emerging Markets All Cap Fund

Q1 2024

Key takeaways

- 1 The fund underperformed its benchmark**
Class A shares underperformed the MSCI Emerging Markets Index. Stock selection in financials and consumer staples and overweights in consumer staples and real estate were among the largest detractors from relative performance for the quarter.
- 2 Bottom-up stock selection focused on EQV (Earnings, Quality, Valuation) characteristics**
During the quarter, we initiated two new positions and sold four 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)	1,536.78
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Portfolio managers

Borge Endresen, Brently Bates, Mark Jason, Steven Rivoir

Manager perspective and outlook

- Global equity returns were mostly positive for the first quarter, with developed equities outperforming emerging market equities. Japanese equities were among the best-performing developed markets, benefiting from the weakening yen and corporate governance regulatory reforms. After almost two decades, the Bank of Japan raised its benchmark interest rate, ending negative interest rates. US equities also performed well during the quarter, led by mega-cap growth stocks. Within emerging market equities, Latin America stocks were weak. Chinese equities also ended the quarter in negative territory, despite a February rebound that followed several positive government actions.
- Though global equity markets have moved higher on improving investor confidence, we believe it is important to acknowledge that monetary policy remains uncertain and there is no guarantee of a soft economic landing. Potential risks in 2024 include ongoing geopolitical tensions and elections around the globe. Following robust global equity returns, these potential risks may create market headwinds and may increase volatility as investors look for confirmation of a positive market transition. Consequently, 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	6.76	8.33
Samsung Electronics Co Ltd	4.44	4.64
Richter Gedeon Nyrt	4.01	0.05
HDFC Bank Ltd	3.82	0.68
BDO Unibank Inc	3.75	0.09
Tongcheng Travel Holdings Ltd	3.45	0.05
Bank Central Asia Tbk PT	3.19	0.49
Bollore SE	3.05	0.00
Wal-Mart de Mexico SAB de CV	2.88	0.29
Bolsa Mexicana de Valores SAB de CV	2.84	0.00

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we initiated the following positions:

Bangkok Dusit Medical Services is a private hospital operator in Thailand. There are many structural drivers that have led to sustainable growth for the company – a shift from public to private hospitals, rising insurance penetration due to wealth effects, an aging population that is boosting demand for health care, and high levels of foreign fly-in demand due to high quality care at affordable prices. We believe the company's strong brand image and national footprint are also positives.

KPJ Healthcare is a large hospital chain in Malaysia. We believe the stock's valuation discount to regional peers may narrow over time as the company's management team works to improve capital allocation along with profit margin and return profiles.

We added to the fund's existing position in Thailand-based mall operator **Central Pattana** based on an attractive valuation. We also added to **TOTVS**, a Brazilian software company with leadership in enterprise resource planning, payroll and accounting software for small to medium-sized enterprises.

We sold the following stocks:

Ambev is a Brazilian brewing company. Competition in Brazil's beer market has intensified in recent years, and the company's volumes and profit margins have disappointed.

B3 is the Brazilian stock exchange operator. We exited the stock because cost pressures and a rising mix of data analytics business may lead to structurally lower profit margins.

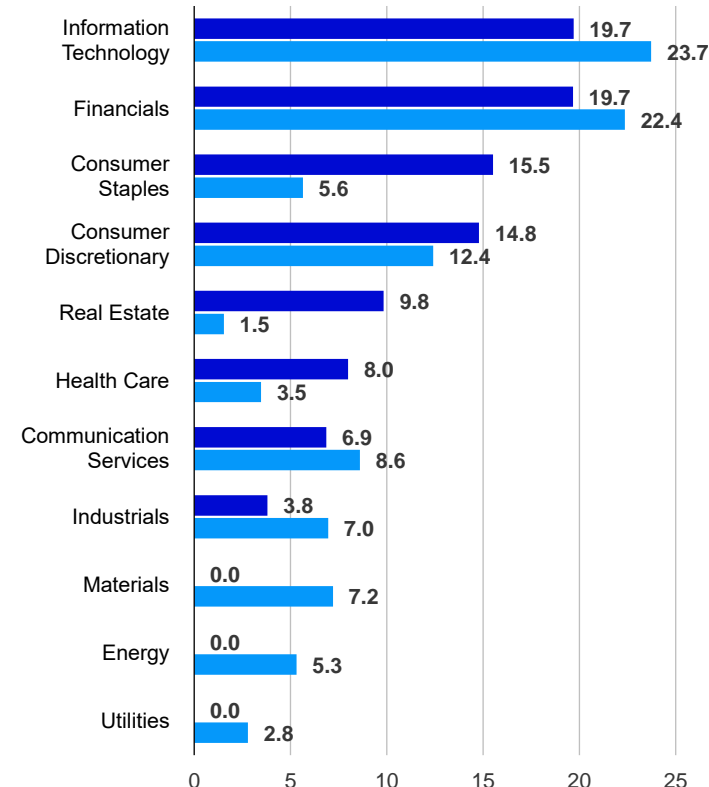
Chongqing Fuling Zhacai is a pickled mustard company in China. The company has lost its pricing power and market share as China's consumers have generally shifted from higher to lower quality products. We had been cautious about the company's deteriorating business fundamentals and had previously trimmed the position before we fully exited.

Vietnam Dairy is a large dairy company in Vietnam that also has exposure to several overseas markets, including other Southeast Asian countries and the Middle East. We had been trimming the fund's position for a while on concerns about pricing power and capital allocation. We decided to fully exit this stock where we have low conviction and reallocate capital to higher conviction ideas in the fund.

We trimmed the fund's position in **Yum China**, the owner of KFC and Pizza Hut in China, due to increased competition and pressures on same store sales. We also trimmed the fund's holding in Hungary-based health care company **Gideon Richter** to manage position size.

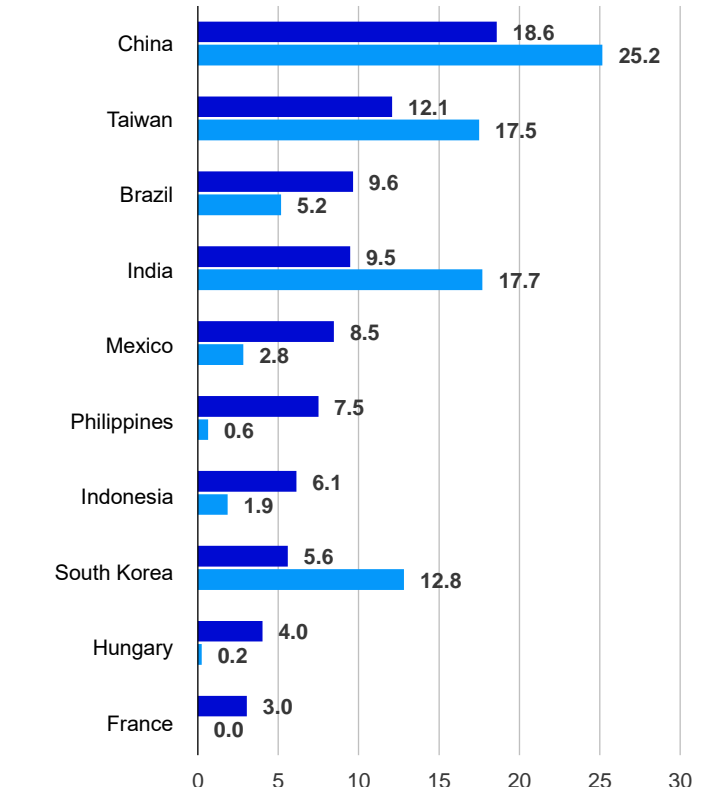
Sector breakdown (% of total net assets)

■ Fund ■ MSCI Emerging Markets Index



Top countries (% of total net assets)

■ Fund ■ MSCI Emerging Markets Index



Top contributors (%)

Issuer	Return	Contrib. to return
Taiwan Semiconductor Manufacturing Company Limited	26.49	1.46
Tongcheng Travel Holdings Limited.	42.60	1.11
BDO Unibank, Inc.	17.11	0.63
MakeMyTrip Limited	51.16	0.62
MediaTek Inc.	15.59	0.40

Top detractors (%)

Issuer	Return	Contrib. to return
HDFC Bank Ltd.	-16.61	-0.75
AIA Group Limited	-23.07	-0.47
China Mengniu Dairy Co., Ltd.	-20.33	-0.46
Multiplan Empreendimentos Imobiliarios S.A	-12.63	-0.40
Yum China Holdings, Inc.	-6.16	-0.40

Performance highlights

Stock selection in consumer discretionary and industrials added to relative performance. Having no exposure in the materials sector also added to relative return. Geographically, stock selection in China, the Philippines and South Africa contributed to relative results. Underweights in China and South Africa and an overweight in the Philippines also aided relative performance.

Conversely, stock selection in financials and consumer staples detracted from relative results. Overweights in consumer staples and real estate also hampered relative return. Geographically, stock selection in Brazil and India detracted from relative performance. Overweights in Brazil and Egypt and an underweight in India negatively affected relative results.

Contributors to performance

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

Taiwan Semiconductor's technology roadmap and financial performance have remained strong and the company has continued to benefit from structural growth in generative AI.

Tongcheng Travel is a China-based online travel agency with a focus on domestic and lower tier cities. Tongcheng has been gaining market share in China's travel industry. The company performed well during the quarter due to strong business fundamentals. We trimmed the fund's holdings to control position size.

BDO Unibank is a large bank in the Philippines that has continued to report robust results driven by improved asset quality, good fee growth, rising net interest margin and improved cost control. We trimmed the fund's holdings on valuation and to control position size.

Detractors from performance

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

HDFC Bank's long-term fundamentals have remained intact, with the company potentially poised to gain further market share in loans and deposits. We believe the merger with parent company HDFC Ltd. may lead to additional growth opportunities through effective cross-selling of products. However, in the first quarter, the bank's deposit growth missed expectations, which could lead to lower profit margins than originally expected for the short term. We believe the company is moving in the right direction in terms of merger integration, but optimizing fund costs could take a little more time than was originally anticipated.

AIA is a Hong Kong-based insurance and finance company. AIA's financial performance has remained strong so it is difficult to isolate a reason for weaker stock performance other than waning demand for Chinese investments.

China Mengniu Dairy is a dairy products manufacturer and distribution company in China. The stock has been weak due to investors' negative sentiment toward China.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 01/11/94	NAV	-0.36	-0.36	0.38	-6.12	2.46	2.26	4.71
	Max. Load 5.5%	-5.84	-5.84	-5.15	-7.87	1.30	1.69	4.52
Class R6 shares inception: 09/24/12	NAV	-0.27	-0.27	0.76	-5.76	2.85	2.68	2.54
Class Y shares inception: 10/03/08	NAV	-0.30	-0.30	0.65	-5.88	2.72	2.52	5.55
MSCI Emerging Markets Index		2.37	2.37	8.15	-5.05	2.22	2.95	-
Total return ranking vs. Morningstar Diversified Emerging Mkts category (Class A shares at NAV)		-	-	95% (779 of 810)	68% (411 of 714)	62% (349 of 653)	72% (291 of 426)	-

Expense ratios per the current prospectus: Class A: Net: 1.34%, Total: 1.35%; Class R6: Net: 0.97%, Total: 0.98%; Class Y: Net: 1.09%, Total: 1.10%.

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. 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	-3.26	-18.69	19.75	30.34	-18.75	29.97	17.14	-6.98	-17.70	8.81
Class R6 shares at NAV	-2.83	-18.34	20.22	30.86	-18.40	30.52	17.58	-6.61	-17.41	9.23
Class Y shares at NAV	-3.03	-18.50	20.05	30.65	-18.53	30.32	17.41	-6.75	-17.47	9.07
MSCI Emerging Markets Index	-2.19	-14.92	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09	9.83

Portfolio characteristics*

	Fund	Index
No. of holdings	48	1,376
Top 10 issuers (% of AUM)	38.19	24.13
Wtd. avg. mkt. cap (\$M)	91,701	119,829
Price/earnings	17.93	15.14
Price to book	2.54	1.76
Est. 3 – 5 year EPS growth (%)	14.77	14.60
ROE (%)	16.93	15.10
Long-term debt to capital (%)	19.07	21.42
Operating margin (%)	25.19	19.51

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.30	0.00
Beta	0.93	1.00
Sharpe ratio	0.02	0.01
Information ratio	0.04	0.00
Standard dev. (%)	18.57	19.05
Tracking error (%)	5.89	0.00
Up capture (%)	87.13	100.00
Down capture (%)	95.16	100.00
Max. drawdown (%)	34.98	35.98

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.04	0.05	0.09
Consumer Discretionary	-0.08	1.23	1.15
Consumer Staples	-0.74	-0.51	-1.25
Energy	-0.24	0.00	-0.24
Financials	0.03	-1.35	-1.32
Health Care	-0.23	0.12	-0.11
Industrials	0.05	0.17	0.22
Information Technology	-0.37	0.02	-0.35
Materials	0.54	0.00	0.54
Other	0.00	0.00	0.00
Real Estate	-0.67	0.01	-0.66
Utilities	-0.03	0.00	-0.03
Cash	-0.01	0.00	-0.01
Total	-1.70	-0.27	-1.97

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	-0.36	0.00	-0.36
Asia/Pacific Ex Japan	-0.51	0.00	-0.51
Europe	0.15	0.00	0.15
Emerging	0.00	-1.60	-1.60
Africa/Mideast	0.10	-0.81	-0.71
Asia/Pacific Ex Japan	-0.17	0.72	0.55
Europe	0.07	-0.24	-0.17
Latin America	-0.59	-0.68	-1.27
Cash	-0.01	0.00	-0.01
Total	-0.37	-1.60	-1.97

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
China	1.67	18.19	5.30
Philippines	0.42	7.32	9.08
South Africa	0.30	1.05	3.60
South Korea	0.28	4.95	5.26
France	0.12	2.84	7.01

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Brazil	-1.25	10.73	-13.52
India	-1.19	8.74	-4.08
Egypt	-0.71	2.15	-33.33
Hong Kong	-0.51	1.85	-23.07
Indonesia	-0.34	5.91	-3.27

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to MSCI Emerging Markets Index.

• **Effective February 28, 2022, the Invesco Emerging Markets All Cap Fund was renamed Invesco EQV Emerging Markets All Cap Fund. Please see prospectus for more information.**

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.

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.