

# Invesco Developing Markets Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Dec. 31, 2021



Limited Offering

### Investment objective

The fund seeks capital appreciation.

### Portfolio management

Justin Leverenz

### Fund facts

Nasdaq	A: ODMAX	C: ODVCX Y: ODVYX
Total Net Assets	\$45,196,069,674	
Total Number of Holdings	88	

### Top issuers % of total net assets

Taiwan Semiconductor Manufacturing Co Ltd	9.13
Housing Development Finance Corp Ltd	5.25
Novatek PJSC	4.30
AIA Group Ltd	4.17
Cie Financiere Richemont SA	3.78
Kotak Mahindra Bank Ltd	3.72
Tata Consultancy Services Ltd	3.45
Yum China Holdings Inc	3.32
Tencent Holdings Ltd	3.13
Yandex NV	3.01

### Top contributors % of total net assets

1. Cie Financiere Richemont SA	3.78
2. Taiwan Semiconductor Manufacturing Co Ltd	9.13
3. NetEase Inc	2.84
4. Kering SA	1.93
5. MediaTek Inc	1.22

### Top detractors % of total net assets

1. Yandex NV	3.01
2. Pinduoduo Inc	1.39
3. AIA Group Ltd	4.17
4. Wuxi Biologics Cayman Inc	1.80
5. Zai Lab Ltd	0.88

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

+ Overall, emerging market bourses posted strong gains for 2021; however, the fourth quarter was lackluster as new mutations of COVID-19 surfaced and regulatory anxieties in China swirled. The majority of emerging markets posted positive returns, with the Abu Dhabi and Taiwanese exchanges among those leading the pack. Small markets like Egypt, the Czech Republic and Peru were also among the top performers. Notable

laggards were Turkey, which is grappling with inflationary pressures and political unrest, Russia, which has amassed troops on Ukraine's border in an increasingly tense situation that has negatively affected the country's domestic outlook, and Brazil, which has had a difficult time dampening the spread of COVID-19 and executing vaccine rollouts. Small markets like Chile, Hungary and Argentina were also among the poor performers.

### Positioning and outlook

+ The largest position added to the portfolio during the quarter was **Alibaba** (0.19% of total net assets), one of China's dominant internet companies. We re-initiated a relatively small position after a significant correction in the stock made its valuation more compelling. We also initiated a position in **TCS** (0.32% of total net assets), a Russian neobank that provides a full digital wallet experience for its customers.

+ No sizable positions were eliminated during the quarter.

+ During this period of crisis and future uncertainty, we remain focused on understanding the macro-economic pressures that are idiosyncratic to emerging markets. However, we are unwavering in our approach as bottom-up investors who focus on the long term and avoid tactical decisions. We will continue to seek high quality companies that have durable long-term growth potential supported by strong competitive positions, balance sheets and cash flows, etc. that will allow them to thrive in the post-Coronavirus world.

### Performance highlights

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

### Contributors to performance

+ Stock selection in the materials, consumer staples and consumer discretionary sectors contributed to relative return.

+ Geographically, overweight allocations to Switzerland, France and Italy were the largest contributors to relative performance.

+ The largest individual contributor to absolute performance was **Richemont**, a Swiss luxury goods company with a diversified portfolio of premium brands that spans women and men's wear, jewelry - including the prestigious Cartier brand - and watches, among other items. We believe there is room for **Richemont's** continued penetration into China, the world's largest luxury goods market.

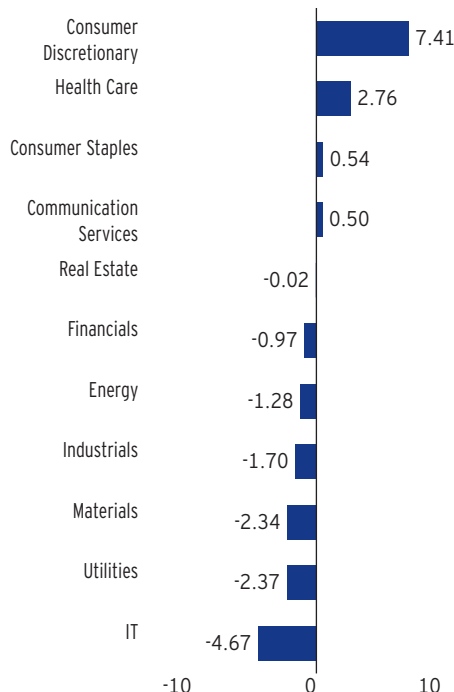
### Detractors from performance

+ Stock selection in the financials sector was the largest detractor from relative performance. Stock selection and an overweight allocation in the health care sector and stock selection and an underweight in the information technology sector also detracted from relative performance.

+ Geographically, stock selection in China was the largest detractor. Stock selection and an overweight allocation to Russian equities had a negative effect on relative performance, as did an overweight allocation to Hong Kong, where the benchmark has no allocation.

+ **Yandex**, the dominant internet company in Russia's transforming digital landscape, was the largest individual detractor from absolute performance. **Yandex** boasts a growing digital infrastructure composed of search capabilities, digital advertising, ride hailing, etc. Unfortunately, investors soured on Russian equities during the quarter due to rising geopolitical tensions as Russian troops amassed on Ukraine's border.

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



**Investment results**

Average annual total returns (%) as of Dec. 31, 2021

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 11/18/96		Inception: 11/18/96		Inception: 09/07/05	
	Max Load	NAV	Max CDSC	NAV	NAV	
Inception	5.50%	11.06	1.00%	10.78	8.38	-
10 Years		6.19		5.57	6.47	5.49
5 Years		9.74		8.92	10.02	9.87
3 Years		10.37		9.55	10.65	10.94
1 Year		-7.50		-8.17	-7.25	-2.54
Quarter		-4.17		-4.34	-4.10	-1.31

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. 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. 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.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.22	1.22	Intl Common Stock	97.04
Class C Shares	1.97	1.97	Dom Common Stock	0.76
Class Y Shares	0.97	0.97	Cash	2.20

Per the current prospectus

For more information you can visit us at [www.invesco.com/us](https://www.invesco.com/us)

Effective as of the close of business on May 24, 2019, the fund closed to new investors. For more information on who may invest in the fund, please see the prospectus.

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.

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**

In general, stock and other equity securities values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

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.

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.

***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.