# Invesco International Companies Fund
## Q4 2021 Market Insights

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**Benchmark***:
MSCI ACWI Ex-USA Index (Net) C$

| | |
|---|---|
| **Inception Date** | 2/11/2000 |
| **Holdings** | 34 |
| **Risk Classification** | Medium |

### Distinguishing attributes

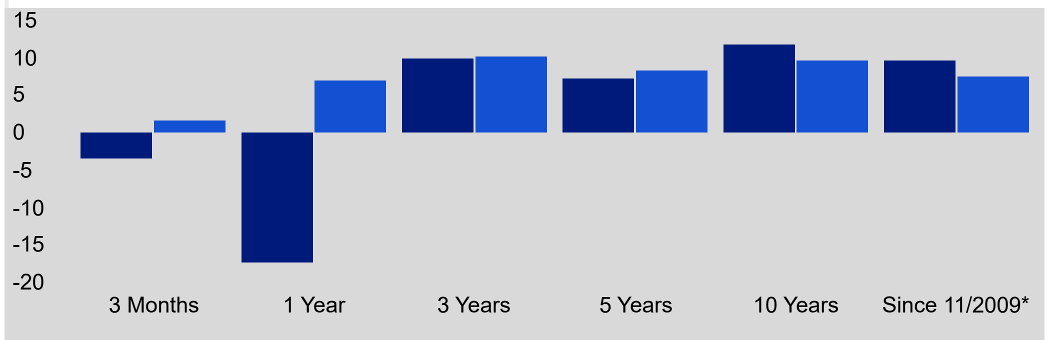
- Buy businesses, not stocks
- Driven by independent, in-depth research
- High conviction, concentrated portfolio
- Benchmark agnostic
- Focus on the long-term

*PM Inception date: The current portfolio management team assumed responsibility for the strategy in November 2009

### Key Takeaways

- Developed markets had a strong 2021 despite seeing some volatility in the fourth quarter, while emerging markets largely underperformed as they struggled to maintain recoveries in the face of continued COVID impacts
- China equities finished its worst year since 2008 with a mixed fourth quarter and a broad-based, indiscriminate sell off in the third quarter
- The Invesco International Companies Fund, Series F return lagged the benchmark in Q4 2021 and has underperformed the benchmark during the full year 2021
- The Fund's largest detractors to performance were an overweight and stock selection in China, with performance negatively affected by some of the year's larger trends in equity markets being at odds with the fund profile
- We are excited about the positioning of the portfolio entering 2022 and have added new names in Europe and Japan and trimmed or exited positions in China, where we believed future earnings potential had been impaired
- We are disappointed about performance in 2021, but we believe many of the portfolio's headwinds are short-term in nature, and we believe it is important to remain consistent in our process that has served the Fund well over the long term, meaning focusing on our independent in-depth research and investing in high-conviction businesses over a full market cycle

### Performance Summary (As of 12/31/2021)




***Note: Please refer to month-end standard performance data on the last page of this document.***
Source: Morningstar Research Inc.

### Series F Performance Snapshot

| | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years | Since 11/2009* |
|---|---|---|---|---|---|---|
| Invesco International Companies Fund | -3.6 | -17.2 | 9.9 | 7.2 | 11.8 | 9.6 |
| MSCI ACWI Ex USA Index (Net) | 1.5 | 6.9 | 10.3 | 8.3 | 9.6 | 7.4 |
| **Excess Return** | **-5.1** | **-24.1** | **-0.4** | **-1.1** | **2.1** | **2.2** |

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For the full year 2021, the Invesco International Companies Fund, Series F returned -17.18%, underperforming its benchmark which returned 6.91%. Our team is disappointed with our 2021 performance. The primary cause of the difficult year has been our overweight and stock selection within China. During Q4 2021, the Invesco International Companies Fund, Series F returned -3.55%, underperforming its benchmark, the MSCI ex USA Index, which returned 1.52%. The Fund lagged the benchmark during the quarter as we saw some pull back of high-quality growth companies and rotation into cyclicals in Europe. Chinese stocks also served as a modest negative detractor in a quarter which saw mixed results in Chinese markets. While 2021 was a challenging year for the Fund, we are optimistic that the portfolio's headwinds are short-term in nature. With a portfolio of businesses in which we maintain conviction along with some shifts to strengthen and diversify the portfolio in the third and fourth quarters, we believe the Fund is positioned well for 2022 and beyond.

**Reduced Chinese exposure:** We trimmed some Chinese holdings during a small recovery of prices in the fourth quarter and exited others in the back half of the year, where we saw an impaired thesis for future profitability. Although these moves were made on a case-by-case basis, we believe this has helped to further diversify the portfolio's composition with the overweight to China now more in-line with historical positioning. For context, the Fund has long had an overweight to China, and its stock selection in China has been important to the Fund's historical outperformance. However, during 2021, the Fund's relative performance was negatively impacted from both stock selection in China as well as an overweight to China which happened to be notably larger than its historical trend. We understood this positioning brought some additional risk, but we thought the opportunity justified the position as the team's bottom-up investment process was finding what we viewed as more attractively valued, high-quality stocks in China than elsewhere in the world. Chinese markets have seen a few years of outperformance lasting until February 2021, but the remainder of the year and the third quarter in particular saw a broad-scale, indiscriminate sell-off in Chinese stocks driven by investor concerns around government regulations, Evergrande, the future of ADRs, and signs of a soft economic recovery affected by COVID.

**Chinese stock selection and sector allocation were performance headwinds:** Companies in our portfolio were hit especially hard with growth stocks in the education and technology industries being the focus of the government's regulations. Private education companies were effectively banned from making a profit to support the government's aim to reduce childcare costs and ultimately encourage population growth. The government's string of announcements on tech company regulations continued to spook the markets, even though they mostly focused on similar aims pursued by regulators in the US and EU, like competitive fairness and control of consumer data. While it is our view that the education regulations were specific to the sector and don't reflect a shift in how government views private business, it caused enough investor concern to accelerate a sell-off in Chinese markets. When combined with fears of economic contagion from a default of Evergrande, ongoing economic impacts from COVID and China's zero-tolerance policy, and questions around the future of ADRs, a segment of investors increasingly viewed China as effectively uninvestable. As a result, we believe that the market has over-penalized Chinese companies such that worse case scenarios are more than priced-in, and as a result, valuations of high-quality stocks are now historically cheap in relation to world counterparts and against its own past metrics.

**China remains a strong investment market:** While we will continue to monitor where headline concerns might impact the thesis of our companies, we still view China as an excellent market in which to find attractive, high-growth businesses. We are confident about the long-term opportunity in China as the world's second largest economy that we believe maintains a long runway for growth and an expanding middle class that projects to support the economy with consumption. Investors appear underweight in China in relation to its growing importance and size in the global economy, and despite a challenging 2021, we believe it is a mistake to aggressively remove China allocations on account of the market's panic in reaction to this year's events. In the near term, the Chinese government is laser-focused on ensuring growth and stability is maintained in 2022, and it holds strong fiscal and monetary flexibility to support the economy from COVID or Evergrande-related impacts. We expect fears of ADR delistings will

subside over time as investors recognize there will likely be a long-term, orderly transition of accessing securities through Hong Kong (HK) or China exchanges. We think the most impactful period of regulatory concerns affecting the markets has passed as the government shifts from an announcement to implementation phase, which we expect should both reduce uncertainty in the markets as well as allow us to better evaluate companies on the basis of fundamentals rather than the reactionary market swings seen in 2021. For the businesses in which we maintain conviction, we believe that it will take very little to drive a strong rebound.

**New holdings added in Europe:** We have been able to take advantage of some of the volatility and rotation out of high-quality growth companies to add new European names to the portfolio that we believe will positively contribute to future portfolio performance. Valuation metrics point to Europe being particularly inexpensive in relation to the United States, and we have been able to find entry points in businesses in which we see high growth potential. We have been successful over a long-time horizon in finding successful European companies with our stock selection in Europe being a large contributor to historical Fund performance. Some long-held European names in the portfolio have been positive contributors through 2021, and despite some of them seeing a pullback in the fourth quarter, we believe our European businesses are in a strong position to benefit from continued recovery in the region.

**Entered new names in Japan:** We added a few Japanese positions in the fourth quarter, supported by our experienced investment analyst in Japan, Natsuko Douglas, who joined the team in 2020 with a long track record of covering the country. We are now modestly overweight the country relative to the benchmark for the first time. In our view, Japanese equities can sometimes be overlooked relative to global peers on account of well-known long-term demographic and debt issues, but we believe high-quality companies with strong growth potential can be found with in-depth research. For example, the projected decline in working population can actually be a tailwind for companies that provide services and products to improve productivity. Japan has been slow in terms of IT adoption in comparison to the US but accelerating adoption is an area of focus for the government, with well-placed companies poised to benefit. We have been able to find high-quality companies with strong free cash generation, high returns on invested capital and good management teams in IT and other segments and think our holdings stand to positively contribute to the Fund in the future.

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We're long-term investors that strive to invest in high-conviction businesses over a full market cycle. We have successfully managed strategies together since 2009, and we believe it is important to remain consistent in our process and focus on our independent in-depth research that has served as a differentiator over the long term. At the conclusion of 2021, we believe the Fund reflects a strong portfolio of businesses and the shifts we made during the year have strengthened and diversified the portfolio.

## Portfolio Changes and Positioning

### China

The most notable portfolio shift has been the reduction in the Fund's China weight in the latter half of the year on the back of trimmed positions and having exited others where we saw an impaired thesis for future profitability. See the below detractor section for more detail on some of these holdings. The Fund's weight in China is now 23%[1], down from a high of 34% in the middle of the year. We also no longer have exposure to Macau, which was at a high of a 6% weight at the end of Q2 2021. The current overweight to China is now more in line with the Fund's historical positioning.

[1] Approximate internal exposure numbers are provided as external audited numbers are not available as of writing. The difference between internal exposure numbers and official audited exposure numbers are generally not materially different.

As context that moderates the degree of run up in China exposure in early 2021, one classification quirk to note is that a 7% portfolio weight shifted from the Netherlands to China in the second quarter on account of swapping our long-term holding in Prosus NV, a Dutch conglomerate with a major stake in Tencent that we used to gain proxy exposure at a discount, to holding Tencent directly.

**Europe**

Allocations to European companies increased to 42% of the portfolio at year-end from a low of 32% at mid-year. Components of this shift include additions to companies in Germany which now reflect a 11%[2] portfolio weight, up from 6% at the start of the year. We added a German drug development company in the fourth quarter that we are excited about. In our view, it has an innovative business structure, robust pipeline of projects with growth potential, and existing orders providing promising revenue projections with strong margins in the near to medium term.

We also added to our position in Adyen, a Dutch payments company, during the quarter. We believe Adyen has a strong market proposition and is seeing rapid growth, high margins, and a confident client acquisition pace and increasing share of wallet of existing customers. The portfolio weight in Luxembourg has modestly increased through the year and remains an overweight on account of our position in Eurofins Scientific, a top contributor in the portfolio during 2021 that saw a modest pullback during the fourth quarter.

**Japan**

In the fourth quarter, the Fund increased its weight in Japanese companies from 12% to 17%[2]. This was a result of adding to existing positions as well as the addition of three new names to the portfolio. The Fund initiated a position in a leading cloud-based integrated enterprise software company that works to improve productivity across small and medium-sized businesses with a focus on financial accounting, invoicing, workflow functions and more. We also entered into a position in an online healthcare platform business specializing in the digitization of various healthcare functions, including pharmaceuticals marketing, site management organization, and operational support among others. Lastly, we initiated a new position in a Japanese leading global apparel company that stands to benefit from supply chain improvements in 2022 and is better positioned than peers, in our view, to deal with potential rising inflation costs. The Fund also modestly increased its allocation to Hoya Corp, a Japanese company manufacturing optical products. The Fund now holds a modest overweight to Japan coming from an underweight to start 2021, and we are optimistic about the outlook of the Japanese businesses in the portfolio.

**Sector Shifts**

The Fund has long maintained a growth bias on account of where it tends to find companies that meet preferred quality characteristics like high cash return on capital, attractive growth prospects, high return on invested capital (ROIC), and sustainable competitive advantages. The portfolio holds the largest overweight in the consumer discretionary and communication services sectors, and underweights to highly-cyclical sectors such as utilities, energy, materials, and financials. Notable shifts in the fourth quarter include a modest increase to the Health Care sector on the back of the addition of a German drug development company, and a decrease to the Communication Services sector weight from 17% to 14%[2] driven by some of the Chinese holding reductions. Taking a full year lens, the Fund saw a notable decrease to its weight in consumer discretionary, moving from 35% at the start of the year to 20%[2] on the back of negative performance for the companies in the sector, trimming and exiting some businesses including those in China, as well as the 7% portfolio weight reclassification shift on account of holding Tencent directly rather than through Prosus as a proxy (as detailed in the China section above), which changed the allocation's sector designation from consumer discretionary to communication services.

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[2] Approximate internal exposure numbers are provided as external audited numbers are not available as of writing. The difference between internal exposure numbers and official audited exposure numbers are generally not materially different.

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## Notes on Contributors and Detractors

### Contributors

**Full Year 2021**

Eurofins is a world leader in testing of food, environment, pharmaceuticals, cosmetics, and consumer products industries based in Luxembourg. Its underlying business has exceeded management's organic growth target range. It has especially benefitted from its COVID-testing business which we believe will provide a further tailwind from likely strong continued demand. Like some of our other European holdings, it also saw a modest pullback in the fourth quarter.

Eckert & Ziegler (E&Z) is a leading German provider of isotope technology for medical, scientific and industrial uses. Despite seeing a sell-off in the fourth quarter amidst a rotation in Europe away from smaller cap, high-quality growth companies, it has had strong results in 2021 and remains the Fund's top contributor during the full year period, with the stock seeing an almost 100% return. News flow and pace of adoption of theranostics continues to be positive and on-track for meaningful growth. The radiopharmaceuticals business is also the highest margin portion of E&Z's business, which we expect to lead operating profit growth to exceed topline growth.

Sony Group is a Japanese leading manufacturer of consumer and professional electronic products. It is one of the larger weights in the portfolio and had a strong 2021, with especially positive third and fourth quarters on account of continued sales growth, improving economics of hardware sales, and growing opportunities for software title distribution. Sony's previously announced agreement to acquire Zee Entertainment in India remains on-track. In our view, this should bolster its internet-based media stream services business in India and give it local content and a distribution platform in one of the most attractive, high-growth media markets in the world.

**Fourth Quarter 2021**

Sony Group capped its strong 2021 performance as explained in detail above with a positive fourth quarter. We remain confident about its future prospects.

Auto Trader Group is a British automotive advertising business specializing in new and secondhand automotive sales. It has seen positive near-term sentiment around pace of dealer premium product adoption and spend on its platform, as well as new product innovations designed to bring more of auto transaction online and capture more revenue.

Dye & Durham (DND) is a leading provider of cloud-based software to legal and financial service firms, serving corporate M&A and real estate end markets. It is a highly acquisitive company, consolidating fragmented legal software industry in Canada, UK and Australia. DND integrates acquisitions and invests to modernize software to cloud, leading to high synergy realization from acquisitions. With a strong organic growth rate and 50% to 60% EBITDA margins at low capital intensity, we believe it is a good example of a small cap company with strong continued growth potential.

Kweichow Moutai is a leading Chinese beverage company, specializing in the sale of the popular spirit Moutai Baijiu. It has seen strong performance driven by continued strong demand and an expectation of being able to increase its output and prices.

**Detractors**

**Full Year 2021**

KE Holdings is an integrated online and offline platform for housing transactions and services in China. The stock was the Fund's top detractor for the year, seeing its largest tumble in the third quarter due to a continued weak property market in China, concerns of potential new regulations for the home agent industry, and amidst the broad-scale selloff in Chinese markets in the quarter. We continue to hold KE holdings because we see the company as a leader in the category providing a service that the government cannot replicate. We also expect the Chinese government to loosen real estate and lending policies in an effort to support weakness in the housing market. Notably, it was a large positive contributor to performance in the fourth quarter amidst a small rebound.

Sands China, a leading developer and operator of multi-use integrated resorts and casinos in Macau, was a top holding in the portfolio and was the second largest detractor for the year. Our initial thesis was based on the eventual recovery of Macau, and Sands China's leading position in both the Mass and Premium gaming categories. These segments have not only been more profitable and stable than the VIP gaming operation, they also have been subject to much lower regulatory risks. Based on its benign relationship with the government, helped by continuous large CapEx investment during the COVID pandemic period, we also held the view that an upcoming license renewal would not be an issue. We had a high opinion of the management team given their history of execution and capital allocation. However, the government surprised the market by releasing guidance on gaming companies that indicated there may be increased risks related to pending license renewals, including a required larger government stake, significantly lower dividend payments, lower expected ROIC on future projects and, in the most extreme case, losing or partially losing the license. As a result, we decided to exit this position.

Alibaba Group (Baba) continued its poor 2021 with an underperforming fourth quarter. Based on results and comments from management as well as our own research and cross-checks, it seems the core e-commerce business has drastically slowed down due to regulatory press and competition. Meanwhile, in our view, other areas positioned to provide growth like cloud services are still a bit far away from making a significant contribution to offset the decline of profits in e-commerce. While the valuation is now inexpensive, we believe profits could stay low in the near to medium term unless revenue growth from e-commerce maintains its momentum. As a result, we could not continue to justify an overweight in Baba. We will continue to own the stock, but we have reduced the portfolio weight.

**Fourth Quarter 2021**

Pan Pacific International is a leading Japanese discount store operator selling consumer electronics, daily necessities, groceries, watches, sporting goods, and other products. It had a difficult quarter as a result of continued COVID-19 fears and restrictions in Japan. However, sales have begun showing signs of recovery and we believe both the short and long-term outlook is positive, with growing profit margins and growing demand for budget items, as well as measured expansion in footprint.

Eckert & Ziegler as noted above was a top contributor to the Fund for the full year, seeing an almost 100% return, but saw a pull back in the fourth quarter amidst a rotation in Europe away from smaller sized high-multiple, high-growth companies to cyclicals.

Edenred is a leading French services and payments platform, specializing in prepaid corporate services. Its price was negatively affected in the quarter by a general shift away from a wide range of payment companies.

## 2021 Recap and Outlook

**Fund negatively affected by 2021 equity market trends:** 2021 has been a year dominated by countries trying to find a way through and recover from the impacts of COVID. The year saw developed markets largely continue its long bull run with US stocks leading international stocks, while emerging markets lagged despite a year of rising commodity prices, conditions in which emerging markets have historically outperformed developed markets. Not surprisingly, the list of top performing EM countries include major oil exporting nations like the UAE, Saudi Arabia, and Kuwait. While the energy sector led the MSCI ACWI ex US Index in 2021, the communication services and consumer discretionary sectors were the worst performers. The consumer discretionary sector saw an even more difficult year in emerging markets, according to the MSCI EM Index. Our Fund bias unfortunately was at odds with these and other trends in 2021. The Fund has its largest overweight to consumer discretionary and communication services on account of our bottom-up process finding more companies in the sectors with our preferred quality characteristics like attractive growth prospects and sustainable competitive advantages. Conversely, the Fund was not able to benefit from some of the positive swings in 2021, as the team historically tends to not find companies that meet our quality criteria in cyclical sectors like energy or materials.

**Perspective on past market rebounds and future opportunity in China:** Of course, among the countries with the weakest equity returns in EM this year was China, down 22% according to the MSCI China Index (Net, C$), making 2021 its worst year since 2008 when the index was down 38%. However, in a sign that hopefully bodes well for 2022, each negative year for the MSCI China Index in the past decade was followed by a strong one. 2009 ended up 38% after 2008, 2012 ended up 20% after being down 16% in 2011, and 2019 saw a 17% return after a 12% fall in 2018. Taking a broader perspective, we are still confident about the long-term opportunity in China, as we believe it remains the largest economy with the longest runway for growth as well as the broadest and deepest market to find ideas. With an expanding middle class that projects to support the economy with consumption, it is, like the US, one of the few markets in the world that, in our view, can be truly self-sustaining.

Looking towards 2022, we expect a reduction in any headline regulation announcements in China with the government keen to be more careful after the shockingly negative market reaction to its actions during the year. In fact, the government has recently proclaimed a focus of stability for 2022 in a politically sensitive year that will see China hosting the Winter Olympics in February and President Xi Jinping seeking to secure a third term in the fall. There is a strong emphasis on ensuring the country can continue sufficient growth. China still has fiscal and monetary flexibility to support the economy in the face of any COVID or Evergrande-related headwinds, and there have been strong initial signs at the end of year that the government is transitioning to easing measures, with the People’s Bank of China cutting the lending benchmark loan prime rate for the first time in 20 months in December. We believe Chinese equities are poised for a rebound in 2022, with worse case scenarios more than priced in and valuations at historic lows across various metrics relative to developed markets and its own recent history. After taking our lumps and making portfolio shifts to reflect where our thesis in companies were affected, we maintain conviction in the current Chinese companies in our portfolio. Along with a more supportive environment expected in 2022, we believe the Fund’s holdings in China are well-positioned moving forward.

**Select opportunities in Japan:** We continue our focus on companies in areas that can thrive in spite of or even benefit from Japan’s well-known negative macro trends. The projected decline in the country’s working population will put a premium on solutions that can potentially improve productivity, like IT. Even so, Japan has been slow in terms of IT adoption. The value of IT investment in Japan in 2018 was a little below that of 2008, while IT investment in the US increased by 72% during the same period. There are strong companies in the sector that, we believe, fit our preferred quality characteristics. Looking beyond short-term COVID concerns that have dampened the sector, another promising trend the government wishes to accelerate is the ongoing growth of tourism. The Japanese government aims to increase the number of visitors to Japan to 60 million in 2030, almost twice the amount seen in 2019. With Japan having a population of 120 million, this would equate to an increase of about 50% of the population. The

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government targets JPY 15 trillion spending by foreign tourists in 2030 compared to JPY 4.8 trillion in 2019. Naturally, there are companies that we believe could stand to benefit. With the support of our experienced investment analyst in Japan that has a long track record covering the country, we look forward to our current portfolio businesses in Japan contributing to portfolio returns and finding additional future opportunities.

**Finding opportunities in Europe:** We are especially pleased to have been able to take advantage of some of the market volatility and rotation away from smaller-sized, high-quality growth stocks in Europe to further diversify and strengthen our portfolio. Europe has become particularly inexpensive in relation to the United States, and we have been able to find entry points in businesses with what we see as strong growth prospects. We finished the year with a portfolio weight in Europe slightly above the benchmark at 42%, representing a diversified set of holdings spread across the region in 10 countries. Stock selection in Europe has been a primary contributor to the Fund's historical returns, with the team showing a track record of investing in businesses that outperform. Many of our long held European names in the portfolio have been strong performers during most of 2021, and despite some of them seeing a pullback in the fourth quarter amidst rising COVID cases, we have high conviction that the European businesses in the portfolio will continue the Fund's track record of positive contributions from the region.

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2021 saw a constellation of factors causing a perfect storm of headwinds for the Fund, driven by a historically challenging year for Chinese markets. We believe the environment will be more supportive for our portfolio companies in the new year. We feel the portfolio reflects a stronger collection of companies at the end of the year on account of the bottom-up decisions we made to adjust various portfolio weights through the year. We trimmed or exited positions where we feel our thesis had been impaired with many of those firms in China, and we were able to opportunistically find entry points into strong business in Europe and Japan in particular. The net result is a portfolio that is more diversified, with a reduced China overweight that is more in line with the Fund's historical positioning, a now modest overweight to Japan after a few new additions, and an increased portfolio weight in European companies that is now comparable to the benchmark. We believe the Fund is positioned well for 2022 and beyond.

## Putting Performance in Perspective

We were disappointed with the performance of the Fund during 2021. We have had periods of underperformance in the past but we acknowledge that this year has been a particularly difficult period. We have successfully managed strategies together since 2009, and we believe it is important to remain consistent in our process and focus on our independent in-depth research that has served the fund well over the long term. Calendar year 2021 certainly has been an outlier year, as it's only the second calendar year that we have underperformed since we've been managing the Fund.

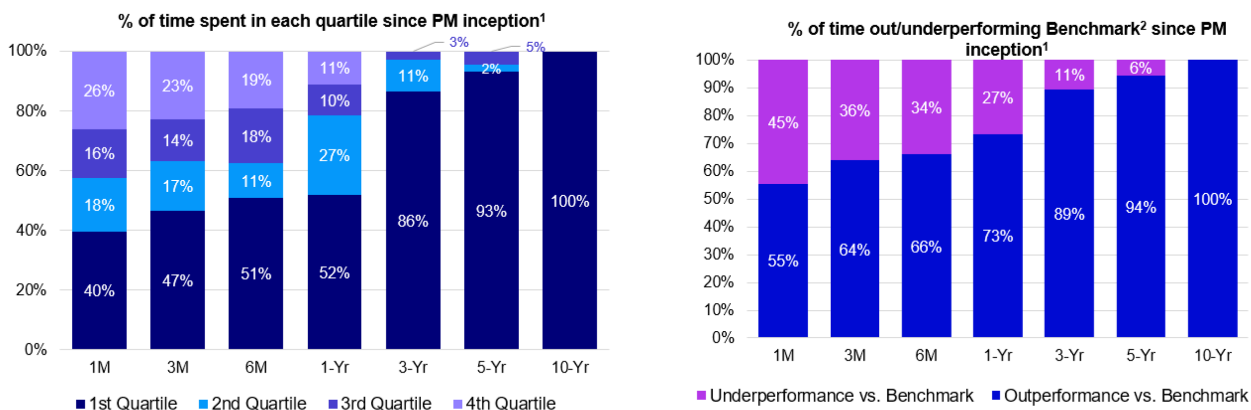
**Calendar Year Returns: Invesco International Companies Fund, Series F**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Invesco International Companies Fund** | **-17.18** | **25.57** | **27.66** | **-13.05** | **22.40** | **3.75** | **18.96** | **13.95** | **29.74** | **17.84** | **-6.59** | **6.43** |
| MSCI ACWI ex-USA (Net, C$) | 6.91 | 8.71 | 15.37 | -6.47 | 18.84 | 0.88 | 13.14 | 4.80 | 23.02 | 14.24 | -11.57 | 5.35 |
| **Excess Return** | **-24.09** | **16.86** | **12.29** | **-6.59** | **3.57** | **2.87** | **5.82** | **9.15** | **6.72** | **3.60** | **4.98** | **1.08** |

We've included the charts below to highlight the importance of putting short-term performance in perspective. Drawdowns, underperformance, and market corrections have occurred in the past, and will occur again in the future given our concentrated, high active share style of investing, but our deep

fundamental research allows us to gain an in-depth understanding of the businesses we own and provides us with the clarity and ability to hold our high-conviction positions during periods of market disturbance. Along with the team's focus on incorporating risk management in the investment process, our approach has served us well in the past and we think having the fortitude to look beyond a very challenging 2021 will benefit our investors in the future.

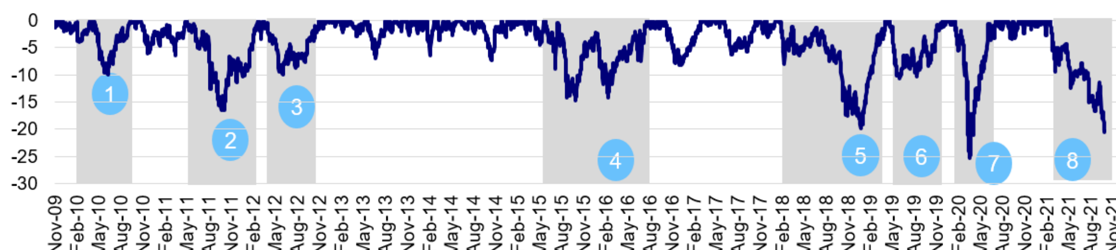
**Invesco International Companies Fund, Series F**




¹ PM inception is November 1, 2009.
² Benchmark: MSCI ACWI Ex-USA Index (Net) C$
Source: Morningstar Research Inc.
As at December 31, 2021.

The chart below illustrates some of the larger drawdowns in the strategy since inception. For example, this strategy saw underperformance in 2018 during the escalated trade disputes between China and the US, only for our positioning to set the strategy up for outperformance in 2019.

**Historical Drawdowns: Invesco International Companies Fund, Series F**




| Scenario | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Max Drawdown | -10.0% | -16.5% | -10.0% | -14.8% | -19.9% | -10.7% | -25.3% | -24.8% |
| Months to Recovery From Trough | 3.1 | 5.0 | 5.1 | 9.7 | 3.3 | 5.8 | 3.6 | **N/A** |
| Return 1-Year Later | **+15.8%** | **+16.3%** | **+29.2%** | **+23.5%** | **+32.5%** | **+16.0%** | **+63.3%** | **N/A** |
| Return 3-Years Later | **+11.4%** | **+22.0%** | **+28.2%** | **+11.9%** | **+11.2%** | **N/A** | **N/A** | **N/A** |
| Return 5-Years Later | **+17.5%** | **+19.1%** | **+20.8%** | **+12.5%** | **N/A** | **N/A** | **N/A** | **N/A** |

Source: Morningstar Research Inc. as of December 31, 2021.
Performance for 3-year and 5-year time periods are annualized.

While market volatility can be challenging, we think it can also provide opportunity for those willing to be patient where we are able to maintain conviction in positions that are particularly undervalued. We think it is better to consistently invest over a full market cycle and not let market volatility be the driving catalyst for decision-making. We look forward to a more positive 2022.

**IMPORTANT INFORMATION**

Source: Morningstar Research Inc.; Invesco.

The above companies were selected for illustrative purposes only and are not intended to convey specific investment advice.

The views expressed above are based on current market conditions and are subject to change without notice; they are not intended to convey specific investment advice. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations.

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Active Share: Represents the proportion of portfolio holdings that differ from those in the benchmark index

Alpha Generation: Alpha is a term used to describe a strategy's ability to beat the market, or also often referred to as "excess return"

Quartile/percentile rankings are determined by Morningstar Research Inc., an independent research firm. Quartile/percentile rankings are comparisons of the performance of funds within a defined category of other funds in that category, over defined time periods. Quartile/percentile rankings are subject to change monthly. The quartiles divide that data into four equal segments expressed in terms of rank (1, 2, 3 or 4). The percentiles divide the data into one hundred equal segments expressed in terms of rank (1, 2, 3 … 100).

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns, including changes in security values and reinvestment of all distributions, and do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any securityholder, which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the simplified prospectus before investing. Copies are available from Invesco Canada Ltd.

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[1] Invesco Canada has entered into a sub-advisory agreement with Invesco Hong Kong Limited (IHKL) to manage certain Invesco Canada Equity funds.

[2] Portfolio manager is part of Invesco Advisers Inc, which is an affiliate of Invesco Canada Ltd and the subadvisor of the fund.

## Series F Standard Performance Disclosure

As of Date: 12/31/2021

| | 3 Months | Quartile | YTD | Quartile | 1 Year | Quartile | 3 Years | Quartile | 5 Years | Quartile | 10 Years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Invesco International Companies Fund*** | ***-3.55*** | ***4*** | ***-17.18*** | ***4*** | ***-17.18*** | ***4*** | ***9.90*** | ***3*** | ***7.16*** | ***3*** | ***11.75*** |
| MSCI ACWI Ex USA Index (Net) | 1.52 | | 6.91 | | 6.91 | | 10.27 | | 8.31 | | 9.62 |

## Morningstar Category Sizes

| Morningstar Category | As of Date | 3-Months | YTD | 1-Yr | 3-Yr | 5-Yr | 10-Yr |
|---|---|---|---|---|---|---|---|
| Canada Fund International Equity | 12/31/2021 | 673 | 651 | 651 | 565 | 432 | 230 |

Source: Morningstar Research Inc.

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