
Invesco Developing Initiatives Bond Fund

Monthly Report December 2024 (covering November)

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Summary of fund objective

The Fund is actively managed. The Fund aims to achieve long-term total returns through exposure to issuers expected to benefit from increases in global connectivity, regional partnerships and / or domestic growth in the Asian, European and African regions. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Investment Risks

For complete information on risks, refer to the legal documents.

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested. Debt instruments are exposed to credit risk which is the ability of the borrower to repay the interest and capital on the redemption date. Changes in interest rates will result in fluctuations in the value of the fund. The fund uses derivatives (complex instruments) for investment purposes, which may result in the fund being significantly leveraged and may result in large fluctuations in the value of the fund. As a large portion of the fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations in the value of the fund. The fund may invest in certain securities listed in China which can involve significant regulatory constraints that may affect the liquidity and/or the investment performance of the fund. Investments in debt instruments which are of lower credit quality may result in large fluctuations in the value of the fund. As this fund is invested in a particular sector, you should be prepared to accept greater fluctuations in the value of the fund than for a fund with a broader investment mandate. The fund may invest in distressed securities which carry a significant risk of capital loss. The fund may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events. The Fund may invest in a dynamic way across assets/asset classes, which may result in periodic changes in the risk profile, underperformance and/or higher transaction costs. The lack of common standards may result in different approaches to setting and achieving ESG objectives. In addition, the respect of the ESG criteria may cause the Fund to forego certain investment opportunities.

Fund Performance

The Invesco Developing Initiatives Bond Fund Z-Acc (USD) registered 0.43% in November 2024. The fund generated positive return as UST yields came down from the post-US-election peak levels. While the spread widening contributed some negative performance, half of that was offset by the size of carry earned during the month. The fund outperformed in Asia Pacific with Australia and Japan holdings enjoyed the duration rally. The fund underperformed in the Middle East due to light positioning in the region. There was a slight outperformance from duration and curve given the small OW in duration.

Fund Positioning

We expect December to be a relatively quiet month due to holidays as well as overall robust growth around the globe. Although we acknowledge relatively strong fundamentals, we see limited upside given tight valuation. Thus, we will stay UW in risk taking. For duration, we are likely looking for opportunities to move closer to home from the small OW as Trump's policy proposals are largely inflationary. Although the convertible bonds we hold in the portfolio haven't done much in November, we continue to like the upside in the option value. If China surprises the market with its stimulus, we see good performance potential in the CBs. On strategy level, the fund continues to overweigh countries and issuers that benefit from country/regional specific initiatives, regional block partnerships, and EM/DM cooperation.

Outlook

We continue to expect solid growth, slowing inflation and easier monetary policy to provide a strong fundamental backdrop for markets. The results of the US election, which will bring a new administration to the US, increases the uncertainty around the economic and market outlook in the medium term. Near term, however, it seems likely that markets will continue to be driven by the macro backdrop and developments in the financial conditions which should be supportive of global risk assets. Valuations across most assets are very tight, making investing challenging and limiting potential upside. Credit assets are expected to continue to generate positive returns, but risks should be kept contained. Downside risks are a larger consideration when valuations are so tight. The dollar is expected to remain strong at the start of the new US administration. Commodity price may face downside pressure given deteriorating demand and fading geopolitical tension, which will be negative for selected EM HY issuers.

Fund Facts

Z-share ISIN	LU1889098684
Bloomberg	INBRDZA LX
Domicile	Luxembourg
AuM	354.32m USD
Launch Date	08 Nov 2018
Reference Index**	LIBOR 3 Month USD

Fund Managers*** Yifei Ding and Norbert Ling

** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** Yifei Ding since November 2018 and Norbert Ling since December 2021

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	N/A	N/A
Batting Average	N/A	N/A
Gain/Loss Ratio	0.79	0.97
Information Ratio	N/A	N/A
Sharpe Ratio	-0.80	-0.34
Tracking Error	N/A	N/A

Awards & Gradings



Morningstar Rating 30.11.24

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Past performance does not predict future returns.

Performance (USD) ¹

5 Year Active Return



Cumulative	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	7.50	0.43	10.06	-9.04	-4.32
Reference Index	-	-	-	-	-
Active return	-	-	-	-	-

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	12.91	8.19	-3.62	-17.61	3.59
Reference Index	-	-	-	-	-

Rolling 12 Months	30.11.14	30.11.15	30.11.16	30.11.17	30.11.18
	30.11.15	30.11.16	30.11.17	30.11.18	30.11.19
Fund (Z-shares)	-	-	-	-	-
Reference Index	-	-	-	-	-
Peer Group	-	-	-	-	-

	30.11.19	30.11.20	30.11.21	30.11.22	30.11.23
	30.11.20	30.11.21	30.11.22	30.11.23	30.11.24
Fund (Z-shares)	7.02	-1.71	-19.56	2.74	10.06
Reference Index	-	-	-	-	-
Peer Group	5.73	-3.03	-15.18	5.09	8.49

Source fund/sector: Morningstar as of 30 November 2024

Source index: Bloomberg as at 30 November 2024, on a total return basis in USD

Peer Group: Morningstar Category EAA Fund Asia Bond

¹Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

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