



# Invesco China Fund

## Emerging markets

Data as of Dec. 31, 2011

### Investment objective and strategy

The fund seeks long-term capital growth by investing in companies with substantial exposure to People's Republic of China, including Hong Kong and Macau.

### Portfolio management

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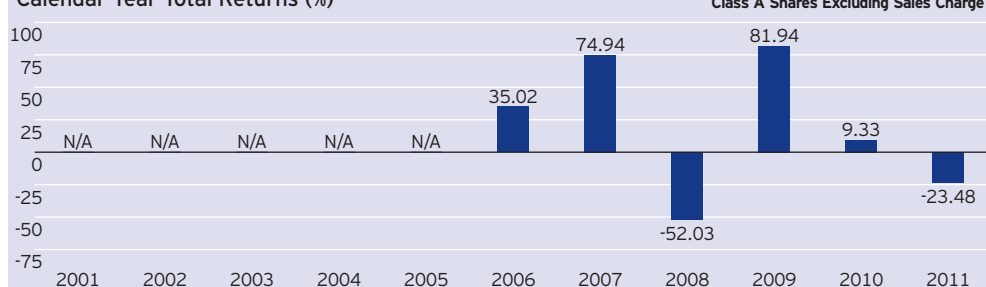
### Investment Results

Period	Average Annual Total Returns (%)					as of Dec. 31, 2011
	Class A Shares Inception: 03/31/06		Class C Shares Inception: 03/31/06		Class Y Shares Inception: 10/03/08	Style-Specific Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	MSCI China 10/40 Index
Inception	8.86	9.94	9.11	9.11	10.09	-
5 Years	3.84	5.02	4.23	4.23	5.19	2.77
3 Years	12.89	15.03	14.19	14.19	15.34	12.99
1 Year	-27.67	-23.48	-24.81	-24.06	-23.27	-18.36
Quarter	-1.10	4.66	3.47	4.47	4.75	8.35

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. Performance shown prior to the inception date of Class Y shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class A share performance reflects any applicable fee waivers or expense reimbursements. Returns less than one year are cumulative; all others are annualized.

Index sources: Invesco, Bloomberg L.P.

### Calendar-Year Total Returns (%)



Inception year is 2006.

### About risk

The fund may engage in frequent trading of portfolio securities. Active trading results in added expenses and may result in a lower return and increased tax liability.

The fund may own convertible securities, the value of which may be affected by market interest rates, the risk that the issuer will default, the value of the underlying stock or the right of the issuer to buy back the convertible securities.

The issuer of instruments in which the fund invests 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.

The dollar value of the fund's foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded.

Securities issued by foreign companies and governments located in developing countries may be affected more negatively by inflation, devaluation of their currencies, higher transaction costs, delays in settlement, adverse political developments, the introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, war or lack of timely information than those in developed countries.

The fund's foreign investments may be affected by changes in the foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

Because the fund's investments are concentrated in China, the fund's performance is expected to be closely tied to social, political, and economic conditions within China and to be more volatile than the performance of more geographically diversified funds.

The prices of initial public offering (IPO) securities may go up and down more than prices of equity securities of companies with longer trading histories. In addition, companies offering securities in IPOs may have less experienced management or limited operating histories. There can be no assurance that the fund will have favorable IPO investment opportunities.

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

The investment techniques and risk analysis used by portfolio managers may not produce desired results.

### Fund Facts

Nasdaq A: AACFX C: CACFX Y: AMCYX  
I: IACFX

Total Net Assets	\$137,689,577
Total Number of Holdings	64
Annual Turnover (as of 10/31/11)	97%

### Top Equity Holdings

	% of Total Net Assets
Industrial and Commercial Bank of China	5.32
CNOOC Limited	5.14
China Construction	4.87
China Petroleum & Chemical Corp.	4.43
China Mobile (Hong Kong) Ltd.	4.12
PetroChina Co. Ltd.	3.91
China Shenhua Energy Co.	3.87
TENCENT Inc.	3.20
Anhui Conch Cement Co. Ltd.	3.18
Bank of China Ltd.	3.06

Holdings are subject to change and are not buy/sell recommendations.

### Top Industries

Diversified Banks	14.43
Integrated Oil & Gas	8.34
Construction Materials	8.02
Coal & Consumable Fuels	6.13
Integrated Telecommunication Services	5.64
Oil & Gas Exploration & Production	5.57
Wireless Telecommunication Services	4.12
Internet Software & Services	3.20
Personal Products	2.98
Diversified Metals & Mining	2.94

Holdings are subject to change and are not buy/sell recommendations.

### Expense Ratios

	% Net	% Total
Class A Shares	1.67	1.67
Class C Shares	2.42	2.42
Class Y Shares	1.42	1.42

Per the current prospectus

## About risk (continued)

Stocks of small and mid-sized companies tend to be more vulnerable to adverse developments and may have little or no operating history or track record of success, and limited product lines, markets, management and financial resources. The securities of small and mid-sized companies may be more volatile due to less market interest and less publicly available issuer information. They also may be illiquid or restricted as to resale, or may trade less frequently and in smaller volumes, all of which may cause difficulty when establishing or closing a position at a desirable price.

China remains a totalitarian country with the following risks: nationalization, expropriation, or confiscation of property; difficulty in obtaining and/or enforcing judgments; alteration or discontinuation of economic reforms; military conflicts, either internal or with other countries; inflation, currency fluctuations and fluctuations in inflation and interest rates that may have negative effects on the economy and securities markets of China; and China's dependency on the economies of other Asian countries, many of which are developing countries.

Warrants may be significantly less valuable on their relevant expiration date resulting in a loss of money or they may expire worthless resulting in a total loss of the investment. Warrants may also be postponed or terminated early resulting in a partial or total loss of the investment. Warrants may also be subject to illiquidity.

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.

Neither MSCI nor any party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the data is permitted without MSCI's express written consent.

The MSCI China 10/40 Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in China, taking into consideration the concentration constraints of the European Union's UCITS III regulations.

**12-month forward and trailing P/E** are calculated using weighted harmonic averaging, which helps avoid extreme results that may occur due to small relative numbers in the denominator. It doesn't exclude extreme values; instead, it reduces the effect of outliers on the aggregate calculation. The **price/book ratio** is the market price of a stock divided by the book value per share.

**Return on equity (ROE)** is net income divided by net worth. The **median 12-Month Fwd. Growth Rate** is the percent change between the next twelve months' mean EPS estimate and the previous twelve months' actuals. The **three-year EPS growth rate** is a weighted average of each stock holding's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. This measurement is not a forecast of the fund's performance. The **five-year dividend growth rate** is the weighted average of each stock holding's annualized percentage rate of growth in dividend yield over five years. This measurement is not a forecast of the fund's performance. **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. **R-squared** (cash adjusted) expresses the proportion of variation in the return of one fund explained by the return of a benchmark. **Tracking error** measures the difference between returns of a portfolio and its benchmark index. 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. **Standard deviation** measures a fund's range of total returns and identifies

## External Comparisons Based on Total or Risk-Adjusted Return

### Morningstar Ratings and Rankings and Lipper Rankings

Class A Shares as of Dec. 31, 2011

	Overall	1 Year	3 Years	5 Years	10 Years
vs. Morningstar China Region Category*					
A Shares (Load)	★★★	N/A	★★★	★★★	N/A
A Shares (Load Waived)	★★★★	N/A	★★★	★★★★	N/A
Number of Funds in Category	80	N/A	80	61	N/A
vs. Morningstar China Region Category**		58% (58 of 99)	33% (27 of 80)	22% (14 of 61)	N/A
vs. Lipper China Region Funds Category***		62% (53 of 85)	36% (25 of 69)	23% (12 of 53)	N/A

\*Source: ©2012 Morningstar Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on the downward variations and rewarding consistent performance.** With-load ratings include the effect of sales charges, loads and redemption fees. Load-waived ratings exclude sales charges, loads and redemption fees, and are only applicable to investors not subject to sales charges. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable. Ratings are as of the most recent quarter end and are subject to change every month. A fund is eligible for a Morningstar rating three years after inception. The top 10% of funds in a category receive five stars, the next 22.5% four stars, the next 35% three stars, the next 22.5% two stars and the bottom 10% one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Ratings for other share classes may differ due to different performance characteristics. Past performance does not guarantee future results.

\*\*Source: Morningstar Inc. **Morningstar rankings are based on total return, excluding sales charges and including fees and expenses**, versus all funds in the category tracked by Morningstar.

\*\*\*Source: Lipper Inc. **Lipper fund percentile rankings are based on total returns, excluding sales charges and including fees and expenses**, and are versus all funds in the category tracked by Lipper.

### Portfolio Characteristics: Fund vs. MSCI China 10/40 Index

#### Valuation Statistics

	Fund	Index
12-Month Forward P/E	9.62	10.19
12-Month Trailing P/E	10.85	11.27
Price/Book (Wtd. Avg.)	2.25	2.32
1-Year ROE (Wtd. Avg.)	20.01	20.65
12-Month Fwd. Growth Rate (Median) (%)	16.06	15.81
3-Year EPS Growth Rate (Wtd. Avg.) (%)	22.58	19.27
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	28.07	29.22
Weighted Average Market Cap (\$MM)	61,462	82,156
Weighted Median Market Cap (\$MM)	15,799	52,186
3-Year Standard Deviation	27.51	26.37

Sources: Invesco, Compustat, Thomson Financial, MSCI, StyleADVISOR

#### Statistics

Fund vs. Index	3 Years	5 Years
Alpha (%)	2.16	2.18
Beta	1.00	0.92
R-Squared	0.92	0.93
Tracking Error (%)	7.89	8.78
Up Capture (%)	104.79	92.12
Down Capture (%)	98.80	93.48

Source: StyleADVISOR; based on Class A shares

#### Equity Sector Breakdown

Market Sector	% of Total Net Assets	
	Fund	Index
Financials	23.90	34.89
Energy	20.04	18.55
Materials	13.87	5.25
Consumer Discretionary	10.66	6.41
Telecommunication Services	9.75	13.86
Consumer Staples	7.49	5.46
Information Technology	7.19	5.44
Industrials	4.96	6.62
Utilities	0.97	2.69
Health Care	0.47	0.83

Sources: Invesco, MSCI

#### Capitalization Breakdown

	% of Equities	
	Fund	Index
Giant	55.29	68.44
Large	20.56	25.37
Mid	22.52	6.08
Small	0.43	0.11
Micro	1.20	0.00

Based on Morningstar capitalization ranges

#### Asset Mix (%)

	at 12/31/11	at 12/31/10
Int'l Common Stk	99.34	100.09
Cash	0.80	-0.67
Other	-0.14	0.58

A negative allocation to Cash or Other, as of the date shown, is normally due to fund activity that has accrued or is pending settlement.

the spread of a fund's short-term fluctuations.

All data provided by Invesco unless otherwise noted.

## NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks, charges and expenses carefully before investing. Please read the prospectus carefully before investing. For this and more complete information about the funds, contact your financial advisor or visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

# Invesco China Fund

Data as of Dec. 31, 2011

## Performance summary

- During the fourth quarter the fund's class A shares at net asset value (NAV) posted a positive return, but underperformed the MSCI China 10/40 Index. (Please see the returns table on page 1 for fund and index performance.)
- Sector performance within the fund was mixed during the fourth quarter. An underweight position in financials, the best performing benchmark sector, the fund's cash position and stock selection in the consumer discretionary sector detracted most from performance relative to the MSCI 10/40 Index.

## Contributors to performance

- Financials holdings **Industrial & Commercial Bank of China (ICBC)**, **China Construction Bank** and **Bank of China Ltd.** (5.32%, 4.87% and 3.06% of total net assets, respectively) were the largest contributors to fund performance during the quarter. **ICBC**, one of the largest banks in the world, **China Construction Bank**, which provides personal and commercial banking services, and **Bank of China Ltd.** are three of China's "big four" state-owned banks.
- Consumer staples company **Hengan International Group Co. Ltd.** and consumer discretionary company **Brilliance China Automotive Holdings Ltd.** (2.98% and 1.25% of total net assets, respectively) also posted gains during the quarter, contributing to fund results. **Hengan International** is one of the largest producers of personal hygiene products in China, and **Brilliance China Automotive** is one of the largest automobile producers in China.
- Stock selection in the information technology (IT) sector, which had a negative return in the benchmark, but a positive return for the fund, helped relative results as well.
- Holdings in the utilities sector contributed most to absolute performance.

## Detractors from performance

- Despite announcing acquisition plans to expand its business, **Shanghai Pharmaceuticals Holding Co. Ltd.** (0.47% of total net assets) posted a negative return during the quarter and was the largest detractor from fund performance.
- News of tainted milk affected **China Mengniu Dairy Co.** (0.50% of total net assets), pushing one of China's largest milk suppliers into negative territory for the quarter.
- Although the fund's overall IT sector performance was positive, **CSG Holding Co. Ltd.** (0.66% of total net assets), a producer of glass and ceramic components for electronic mobile devices, was a large detractor from overall fund results.
- China's largest trip planning service, **CTrip.com International**, and leading liquor distributor **Silver Base Group Holdings Ltd.** (1.12% and 2.66% of total net assets, respectively) also weighed on fund performance.
- On an absolute basis, the fund's holdings in health care were the largest detractors from performance, followed by telecommunication services and consumer discretionary.
- Financials also detracted from results versus the benchmark.

## Top contributors and detractors

Contributors		Detractors	
	(%) of Total Assets		(%) of Total Assets
1. Industrial & Commercial Bank of China Ltd.	5.32	1. Shanghai Pharmaceuticals Holding Co. Ltd.	0.47
2. China Construction Bank Corp.	4.87	2. Ctrip.com International Ltd.	1.12
3. Bank of China Ltd.	3.06	3. China Mengniu Dairy Co. Ltd.	0.50
4. Hengan International Group Co. Ltd.	2.98	4. CSG Holding Co. Ltd.	0.66
5. Brilliance China Automotive Holdings Ltd.	1.25	5. Silver Base Group Holdings Ltd.	2.66

## Positioning and outlook

- Looking into 2012, we maintain our stance that China's growth is intact.
- We believe China should have no problem maintaining gross domestic product (GDP) at approximately 8.5% for 2012.
- With inflation in a decelerating trend, we see a clear signs of policy easing ahead. Policy direction appears to have switched from containing inflation to boosting economic growth. That said, we definitely don't believe the scale of quantitative easing will repeat that of 2008 during the global financial crisis.
- The consensus is that the first half of 2012 will be difficult and the second half will be better. We believe that, even though the market will likely remain volatile, the beginning of 2012 may not be as bearish as anticipated. We believe expected cuts in China's reserve requirement ratio may boost Chinese equity markets in the near term.
- Banks will likely be the initial beneficiaries of the monetary loosening trend, due to more business and higher loan growth. The outlook for the second half of 2012 depends on global economic conditions. Political leadership changes in various countries during 2012 may cause short-term market volatility.
- We see China as one of the cheapest markets in Asia.
- With Chinese companies trading at extremely compelling levels across all sectors, our investment strategy is to use our bottom-up stock selection process and focus on companies that have stronger fundamentals and, in our view, are likely to outperform.
- Given that valuations are attractive across all market capitalizations, we favor large-cap stocks in the current market environment.

Opinions expressed are those of the fund's portfolio management. Holdings are subject to change and are not buy/sell recommendations.