

Invesco Small Cap Value Fund

Q2 2025

Key takeaways

- 1 The fund outperformed its benchmark**

Stock selection in utilities and industrials drove outperformance in the second quarter. Having no exposure to real estate also aided relative performance.
- 2 We capitalized on heightened market volatility to find new opportunities**

We took advantage of market volatility during the quarter to purchase several new fund holdings across various sectors. Conversely, we eliminated several holdings and used the proceeds to fund investments we believe have more upside potential.
- 3 Longer term, small-cap value stocks appear attractive relative to S&P 500 Index stocks**

The price/earnings (P/E) multiple of the Russell 2000 Value Index is at a historical discount compared to the P/E of the S&P 500 Index. We believe this valuation represents a compelling long-term investment opportunity (Source: FactSet Research Systems, Inc.).

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	6,804.31
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Portfolio managers

Jonathan Edwards, Jonathan Mueller

Manager perspective and outlook

- In managing the fund, we employ an intrinsic value approach to stock selection. It should be noted that the portfolio is not constructed based on a short-term macroeconomic view. Instead, positioning is driven by a bottom-up stock selection process based on our estimate of intrinsic value, which is based on a company's future cash flows.
- We seek to create wealth by maintaining a long-term investment horizon and by investing in companies that we believe are significantly undervalued on an absolute basis.
- Given our focus on intrinsic value and our long-term investment horizon, at quarter end, the fund was positioned with greater exposure to economically sensitive stocks compared to its peers.
- Following the outperformance of large-cap stocks over small-cap stocks in recent years, we see greater long-term upside to intrinsic value in many small-caps compared to large-caps.
- At quarter end, the difference between the market prices of the fund's holdings and our estimates of their intrinsic value was attractive, in our view.
- Although there is no assurance that market value will ever reflect our estimate of the fund's intrinsic value, we believe the gap between price and estimated intrinsic value indicated attractive long-term capital appreciation potential.



Top issuers

(% of total net assets)

	Fund	Index
Lumentum Holdings Inc	2.74	0.00
Coherent Corp	2.72	0.00
Western Alliance Bancorp	2.68	0.00
NRG Energy Inc	2.45	0.00
Globe Life Inc	2.37	0.00
Hologic Inc	2.08	0.00
Globant SA	2.08	0.00
Webster Financial Corp	2.05	0.00
Crown Holdings Inc	2.04	0.00
East West Bancorp Inc	2.03	0.00

As of 06/30/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Investor fears appeared elevated in the second quarter; however, we believe market volatility can present opportunities for long-term investors. Recent market volatility has provided an opportunity for us to purchase stocks we believe possess attractive long-term upside to intrinsic value across a diverse set of industries. At quarter end, the fund had overweights in more economically sensitive stocks than its benchmark and peers.

Notable Additions:

LivaNova: This global medical technology company specializes in developing innovative cardiopulmonary and neuromodulation devices to treat heart issues, depression and drug-resistant epilepsy. The company has faced dislocation from what we believe are transitory headwinds, including prior management missteps and litigation regarding a legacy entity unrelated to its core business. We believe investors are underappreciating LivaNova's sustainable growth profile and the earnings power of its core business, while ignoring the potential upside associated with its innovative products pipeline.

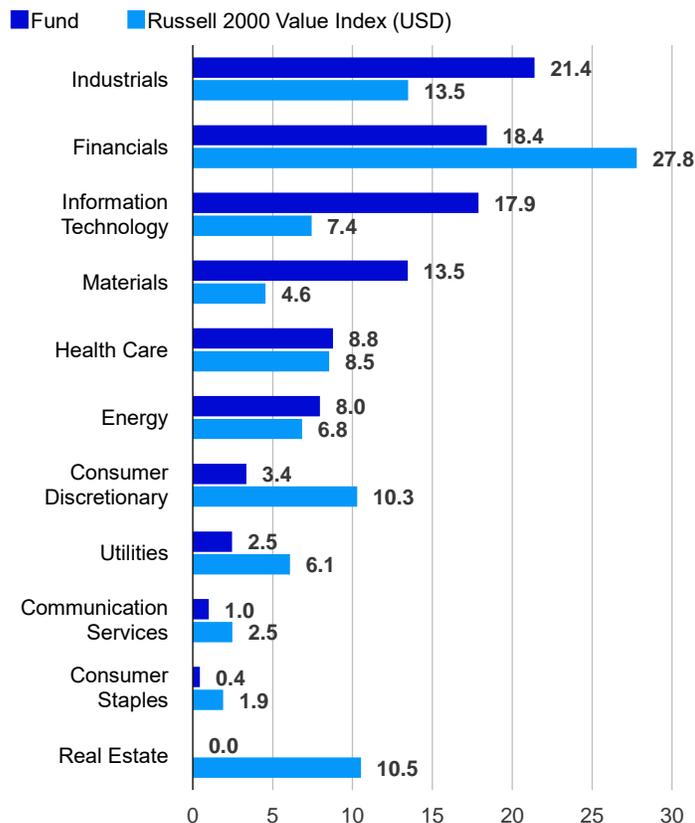
The Timken Company: This global industrial technology leader specializes in engineered bearings and industrial motion products. Management lowered its earnings expectations due to tariffs, higher input costs and weaker demand in Europe and China. While tariffs are a headwind, we believe the company will be able to pass along costs and reposition its supply chain to mitigate any effects.

Notable Sales:

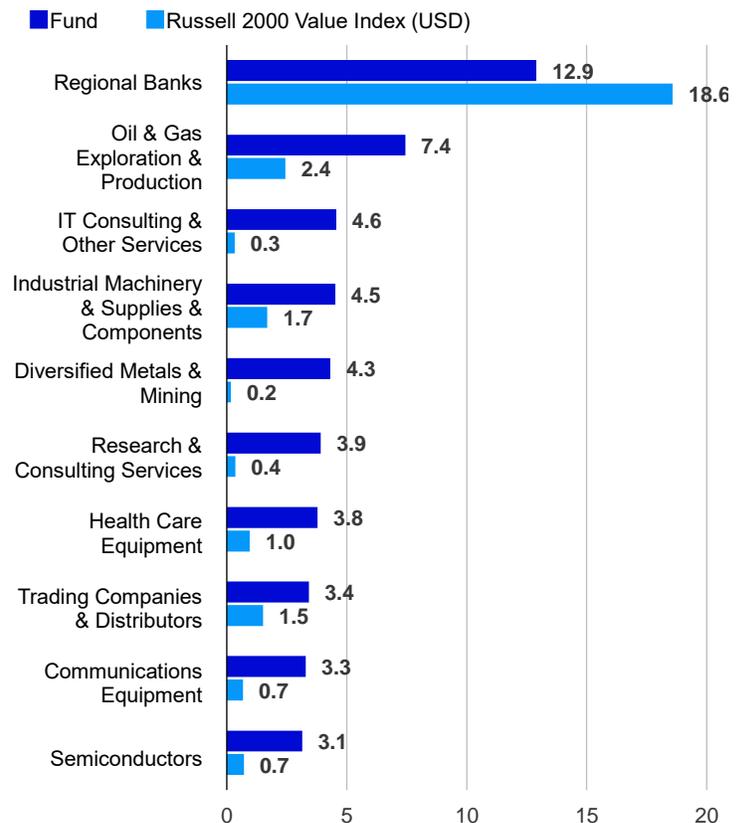
Cheesecake Factory: We purchased this high-quality, upscale casual restaurant company several years ago amid the COVID pandemic. Since that time, the company has in our view executed well and the stock has appreciated. We used the proceeds to fund other opportunities that we believe have better upside potential relative to intrinsic value.

Beacon Roofing Supply: The company sells residential and non-residential roofing products as well as related building products in North America. Beacon was acquired by QXO (not a fund holding) in April at a premium, and we chose to sell the fund's shares following the close of the deal.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
NRG Energy, Inc.	68.87	1.75
Lumentum Holdings Inc.	52.49	0.83
Coherent Corp.	37.37	0.59
Hudbay Minerals Inc.	39.79	0.57
MasTec, Inc.	46.03	0.56

Top detractors (%)

Issuer	Return	Contrib. to return
Globant S.A.	-22.83	-0.59
Integra LifeSciences Holdings Corporation	-44.20	-0.59
QuidelOrtho Corporation	-17.59	-0.57
ManpowerGroup Inc.	-28.95	-0.45
ICON plc	-16.88	-0.43

Performance highlights

From a sector standpoint, utilities and industrials posted the highest absolute returns. Stock selection in these sectors also aided relative performance. Conversely, health care, consumer staples and communication services had negative absolute returns. Stock selection in the health care sector detracted the most from relative return. Overall, performance drivers were largely stock specific.

Contributors to performance

NRG Energy: NRG is a US-based integrated power company that generates and sells electricity, while also offering energy services and sustainability solutions. NRG's shares have benefited from strong retail demand in Texas as well as expansion of AI data centers.

Lumentum: Shares of this market-leading designer and manufacturer of innovative optical and photonic products for the communications and electronics end markets rebounded following a first quarter decline. Investor sentiment appeared to favor Lumentum's artificial intelligence (AI) opportunity as many companies redoubled their commitments to investment in AI.

Coherent: This laser company develops and manufactures optoelectronic components and devices. Its optical transceivers are key

enablers for networking of AI servers. The stock rallied amid seemingly renewed investor enthusiasm for AI.

Detractors from performance

Globant: This digital services and technology consulting firm helps organizations transform through innovation, design and software engineering. The stock declined due to disappointing earnings and more cautious forward guidance, driven in part by weakness in Latin America amid tariff concerns.

Integra Life Sciences: This medical equipment company manufactures and sells surgical instruments, implants, wound care products and regenerative tissue technologies. Management lowered its 2025 guidance due to potential tariff effects as well as ongoing headwinds from its manufacturing quality control review, which is expected to be completed by the end of 2025.

QuidelOrtho: The global diagnostics firm manufactures and markets rapid tests, lab-based diagnostics and blood screening solutions for infectious diseases and other health conditions. Quidel's stock declined, despite reporting a better-than-expected quarter and reiterating 2025 guidance. Potential tariff headwinds and Quidel's roughly 10% revenue exposure to China weighed on shares.

Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/21/99	NAV	6.46	0.17	11.17	20.36	26.72	11.29	11.46
	Max. Load 5.5%	0.60	-5.35	5.04	18.12	25.29	10.66	11.22
Class R6 shares inception: 02/07/17	NAV	6.58	0.34	11.59	20.84	27.22	11.66	-
Class Y shares inception: 08/12/05	NAV	6.53	0.31	11.44	20.66	27.03	11.57	11.43
Russell 2000 Value Index (USD)		4.97	-3.16	5.54	7.45	12.47	6.72	-
Total return ranking vs. Morningstar Small Value category (Class A shares at NAV)		-	-	10% (37 of 494)	1% (4 of 477)	1% (3 of 446)	1% (3 of 369)	-

Expense ratios per the current prospectus: Class A: Net: 1.12%, Total: 1.12%; Class R6: Net: 0.72%, Total: 0.72%; Class Y: Net: 0.87%, Total: 0.87%.

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. 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 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-8.83	18.27	18.28	-25.29	32.05	10.81	36.51	4.32	22.91	24.53
Class R6 shares at NAV	-8.83	-	18.68	-24.97	32.55	11.31	37.00	4.71	23.46	25.00
Class Y shares at NAV	-8.64	18.61	18.58	-25.11	32.35	11.15	36.83	4.58	23.21	24.81
Russell 2000 Value Index (USD)	-7.47	31.74	7.84	-12.86	22.39	4.63	28.27	-14.48	14.65	8.05

Portfolio characteristics*

	Fund	Index
No. of holdings	103	1,443
Top 10 issuers (% of AUM)	23.25	5.18
Wtd. avg. mkt. cap (\$M)	9,597	2,661
Price/earnings	17.54	14.36
Price to book	1.85	1.21
Est. 3 – 5 year EPS growth (%)	14.10	8.85
ROE (%)	8.68	4.13
Long-term debt to capital (%)	37.26	31.90
Operating margin (%)	12.91	15.31

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	13.37	0.00
Beta	0.97	1.00
Sharpe ratio	1.04	0.44
Information ratio	1.71	0.00
Standard dev. (%)	23.03	22.14
Tracking error (%)	8.34	0.00
Up capture (%)	148.47	100.00
Down capture (%)	89.23	100.00
Max. drawdown (%)	20.02	21.12

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.15	-0.14	-0.28
Consumer Discretionary	-0.13	-0.01	-0.13
Consumer Staples	0.23	-0.07	0.16
Energy	0.00	0.54	0.54
Financials	0.04	0.21	0.24
Health Care	-0.24	-2.44	-2.68
Industrials	0.34	0.88	1.22
Information Technology	1.54	-2.41	-0.86
Materials	0.69	0.25	0.94
Real Estate	0.77	0.00	0.77
Utilities	0.17	1.72	1.89
Cash	-0.03	0.00	-0.03
Total	3.24	-1.46	1.77

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.**

Unless otherwise specified, all information is as of 06/30/25. Unless stated otherwise, Index refers to Russell 2000 Value Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The Russell 2000® Value Index is an unmanaged index considered representative of small-cap value stocks. The Russell 2000 Value Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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. Developing markets may especially be volatile.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

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.

A value style of investing is subject to the risk that the valuations never improve or that the returns will trail other styles of investing or the overall stock markets.

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.