

Invesco Small Cap Value Fund

Q3 2025

Key takeaways

- 1 The fund underperformed its benchmark**

Stock selection in health care and energy drove underperformance in the third quarter. Conversely, an overweight and stock selection in materials aided relative performance.
- 2 We capitalized on market volatility to find new opportunities**

We took advantage of market volatility during the quarter to purchase several new fund holdings across various sectors. We also 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.¹

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	7,565.44
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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
Coherent Corp	3.25	0.00
Western Alliance Bancorp	2.68	0.00
Globe Life Inc	2.45	0.00
NRG Energy Inc	2.22	0.00
Hudbay Minerals Inc	2.22	0.00
Webster Financial Corp	2.00	0.00
Hologic Inc	1.94	0.00
East West Bancorp Inc	1.92	0.00
Entegris Inc	1.89	0.00
Pan American Silver Corp	1.89	0.00

As of 09/30/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

While equities rallied during the quarter, there were also pockets of volatility. This volatility 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:

Saia: This North American transportation company specializes in less-than-truckload (LTL) shipping, which is used for shipments that are too large for parcel delivery but too small for a full truckload. The trucking industry has been in a multi-year cyclical downturn. At the same time, the company has been expanding rapidly, which has led to higher costs and weaker profit margins. We believe these are short-term issues, and expansion should provide long-term potential.

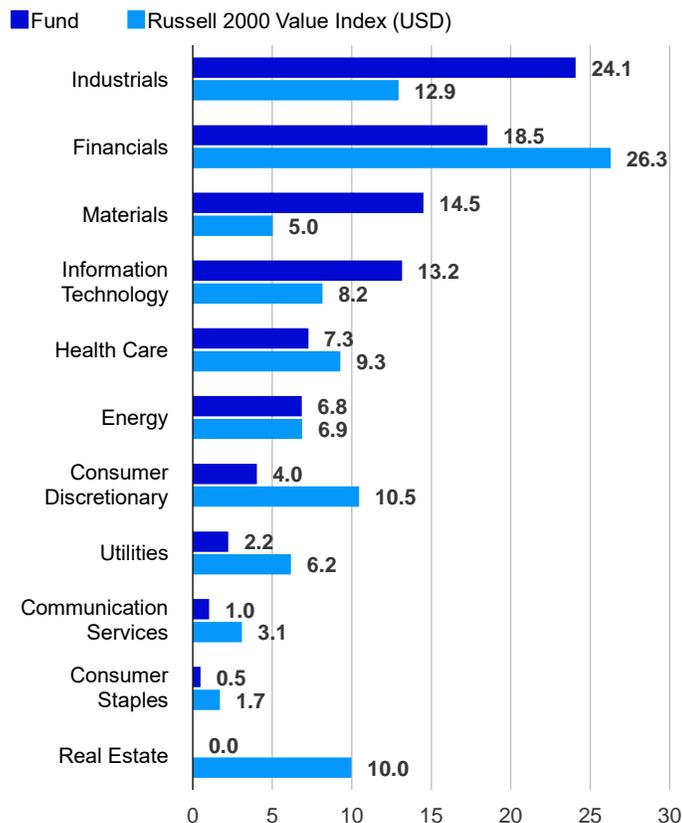
Terex: This global manufacturer of industrial equipment specializes in aerial work platforms, waste and recycling solutions, materials processing machinery and equipment for the electric utility industry. The company has faced headwinds, including weak demand in its core segments, rising tariffs and interest expenses, and a soft European market. The company's Environmental Solutions segment has helped offset these headwinds, and we believe it will be a source of growth long term.

Notable Sales:

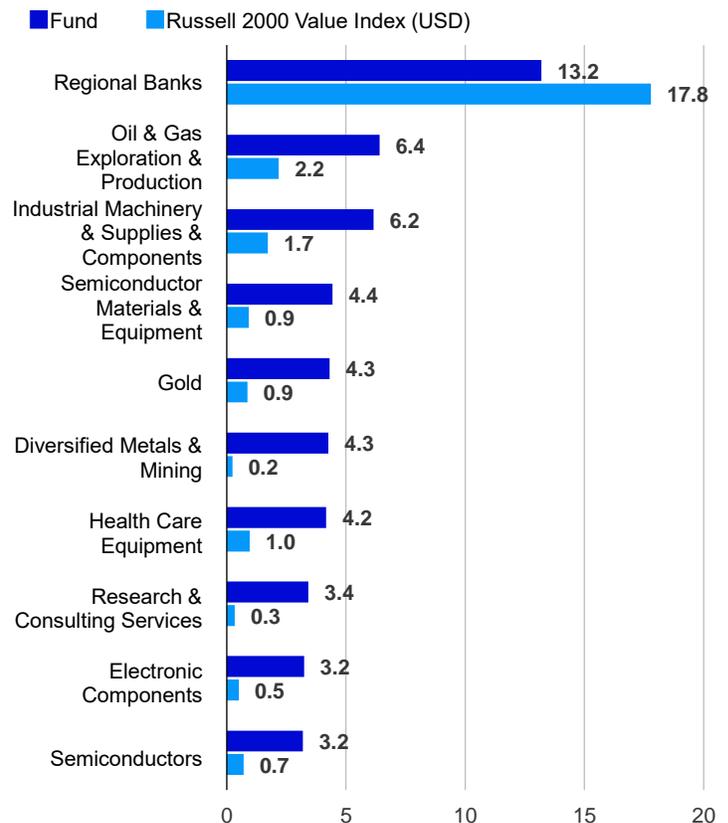
Epam Systems: This company is a leading global provider of specialized digital platform engineering, business technology and transformation services, software development and information technology (IT) consulting services. The company helps businesses innovate, design, build and maintain complex digital products and platforms by leveraging its core competencies and expertise in cloud, artificial intelligence (AI), data analytics and user experience design. We sold this position and used the proceeds to fund other opportunities that we believe have more attractive risk-reward profiles and higher upside potential relative to intrinsic value.

Air Lease: This leading global aircraft leasing company leverages its scale and expertise to procure and manage portfolios of commercial aircraft, which it leases to airlines and businesses around the world. Its primary business operations include aircraft leasing, fleet management, and overall management of its aircraft portfolios to optimize leasing versus funding spreads and opportunistic gains on sale. We sold this position because it reached our estimated intrinsic value. We redeployed the proceeds into new positions that we believe have better upside potential.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Lumentum Holdings Inc.	71.17	1.30
MP Materials Corp.	101.59	0.99
Coherent Corp.	20.75	0.73
Hudbay Minerals Inc.	42.98	0.72
Rambus Inc.	62.76	0.61

Top detractors (%)

Issuer	Return	Contrib. to return
Globant S.A.	-36.71	-0.76
Molina Healthcare, Inc.	-19.58	-0.36
Endava plc	-40.60	-0.29
Pinnacle Financial Partners, Inc.	-14.82	-0.25
EPAM Systems, Inc.	-11.66	-0.17

Performance highlights

Stock selection in materials was the largest contributor to relative performance. The fund's holdings in mining exchange-traded funds (ETFs) and lack of real estate exposure also aided relative return. Stock selection in healthcare, energy, industrials and IT detracted from relative return. Overall, performance drivers were largely stock specific.

Contributors to performance

Lumentum: Shares of this market-leading designer and manufacturer of innovative optical and photonic products rallied in the third quarter, fueled by apparent investor enthusiasm for its AI-driven growth potential.

MP Materials: The company produces rare earth materials and magnetics, playing a crucial role in the supply chain for advanced technologies. Shares rose due to a \$400 million equity investment and long-term supply deal with the US Department of Defense, along with record rare earth production growth and rising demand for domestic supply amid China's export restrictions.

Coherent: This laser company develops and manufactures optoelectronic components and devices. Its optical transceivers are key enablers for networking of AI servers. Shares rose due to surging AI data center demand, strong networking revenue growth and expanding profit margins supported by a more focused, high-return product portfolio.

Detractors from performance

Globant: This digital services and technology consulting firm helps companies transform through innovation, design and software engineering. Shares declined due to concerns about the long-term effect of AI on digital consulting and management's more cautious forward guidance. We sold this position to fund other opportunities that we believe have more attractive risk-reward profiles and upside potential relative to intrinsic value.

Molina: The health insurer is facing headwinds from rising medical costs and reduction in participants due to Medicaid redeterminations. The July passage of the "One Big Beautiful Bill Act" further pressured the stock, given approximately \$1 trillion in potential cuts to Medicaid. We sold the position during the quarter and used the proceeds to fund other investment opportunities that we believe have better upside potential relative to intrinsic value.

Endava: This global technology services and consulting company specializes in digital transformation, agile software development and automation solutions. Shares declined after management provided weaker guidance for the fourth quarter and due to concerns about the long-term effect of AI on digital consulting.

Standardized performance (%) as of September 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/21/99	NAV	9.98	10.17	14.85	26.43	27.63	14.06	11.75
	Max. Load 5.5%	3.93	4.10	8.54	24.07	26.18	13.42	11.51
Class R6 shares inception: 02/07/17	NAV	10.09	10.47	15.31	26.93	28.11	14.45	-
Class Y shares inception: 08/12/05	NAV	10.06	10.40	15.16	26.75	27.94	14.35	11.81
Russell 2000 Value Index (USD)		12.60	9.04	7.88	13.56	14.59	9.23	-
Total return ranking vs. Morningstar Small Value category (Class A shares at NAV)		-	-	6% (20 of 480)	1% (5 of 462)	1% (3 of 434)	1% (2 of 360)	-

Expense ratios per the current prospectus: Class A: Net: 1.10%, Total: 1.10%; Class R6: Net: 0.72%, Total: 0.72%; Class Y: Net: 0.85%, Total: 0.85%.

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. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. 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	100	1,431
Top 10 issuers (% of AUM)	23.49	5.58
Wtd. avg. mkt. cap (\$M)	10,598	3,229
Price/earnings	19.38	15.28
Price to book	1.95	1.34
Est. 3 – 5 year EPS growth (%)	14.28	8.56
ROE (%)	9.17	2.95
Long-term debt to capital (%)	37.31	31.58
Operating margin (%)	15.02	14.90

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	12.30	0.00
Beta	0.95	1.00
Sharpe ratio	1.08	0.52
Information ratio	1.52	0.00
Standard dev. (%)	22.76	22.14
Tracking error (%)	8.56	0.00
Up capture (%)	139.34	100.00
Down capture (%)	88.67	100.00
Max. drawdown (%)	20.02	21.12

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.28	-0.18	-0.45
Consumer Discretionary	-0.14	0.09	-0.05
Consumer Staples	0.11	0.07	0.18
Currency Forward	-0.20	0.00	-0.20
Energy	0.01	-1.38	-1.37
Financials	0.49	0.05	0.54
Health Care	-0.13	-1.44	-1.56
Industrials	-0.28	-0.68	-0.96
Information Technology	0.59	-1.08	-0.48
Materials	1.24	0.82	2.05
Real Estate	0.55	0.00	0.55
Utilities	0.04	-0.22	-0.18
Cash	-0.35	0.00	-0.35
Total	1.67	-3.96	-2.29

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 09/30/25. 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 fund has limited public sales of its shares to certain investors. For more information on who may continue to invest in the fund, please see the prospectus.

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.