

Invesco Discovery Fund

Q1 2025

Key takeaways

- 1 The fund underperformed its benchmark in the first quarter.**

The fund lagged its benchmark in the first quarter. Performance was driven primarily by stock selection. Strength in energy and materials was offset by weakness in information technology (IT), consumer staples and financials.
- 2 US equity markets: a volatile start to 2025.**

Markets had a strong start, peaking in mid-February, before a sell-off. The reversal was largely driven by tariff uncertainty, mixed earnings results, economic and inflation concerns, and challenges to the artificial intelligence (AI) secular growth narrative.
- 3 We remain focused on premier growth compounders**

Technology driven innovation has continued to disrupt large portions of the global economy, providing in our view substantial opportunity through investment in premier growth compounders. We remain focused on capturing those opportunities for fund shareholders.

Investment objective

The fund seeks capital appreciation.

Fund facts

| | |
|----------------|----------|
| Fund AUM (\$M) | 4,372.87 |
|----------------|----------|

Portfolio managers

Ronald Zibelli, Asutosh Shah

Manager perspective and outlook

- Elevated policy uncertainty is challenging Invesco Growth Team's constructive outlook for US equities in 2025. The Trump administration's proposals for significant fiscal, regulatory and trade-related changes, as well as uncertain effects from the Department of Government Efficiency (DOGE) process, have seemingly triggered risk averse responses among consumers, investors and corporate leaders.
- As a result, the pace of economic activity has been slower than expected, as have been corporate projections for 2025 earnings growth. We are taking a more conservative approach to portfolio positioning pending improved clarity on policy outcomes.
- At the same time, many of the companies we specialize in have recently become much more interesting to us following price corrections.



Top issuers

(% of total net assets)

| | Fund | Index |
|-------------------------------------|------|-------|
| Carpenter Technology Corp | 2.50 | 0.72 |
| Encompass Health Corp | 2.37 | 0.00 |
| CyberArk Software Ltd | 2.31 | 0.00 |
| StepStone Group Inc | 2.12 | 0.29 |
| Duolingo Inc | 2.04 | 0.00 |
| Celestica Inc | 1.97 | 0.00 |
| Casella Waste Systems Inc | 1.93 | 0.57 |
| Mr Cooper Group Inc | 1.89 | 0.23 |
| Ollie's Bargain Outlet Holdings Inc | 1.75 | 0.00 |
| Clearwater Analytics Holdings Inc | 1.72 | 0.41 |

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

At quarter end, the fund's largest overweights relative to its benchmark were in IT and consumer discretionary. The fund was underweight health care and consumer staples and had no exposure to communication services.

At the security level, we added and removed several stocks to reflect our desired positioning and upgrade the portfolio.

Buys

Waystar is a health care information service company that connects payors and providers, primarily by processing bills and insurance claims for hospitals and doctors. The business is historically largely insulated from reimbursement changes or Washington policy noise.

Rocket Lab is a US-based aerospace company that designs and manufactures small and medium-class rockets and satellite spacecraft components. The company has an established track record of successful missions, unlike many of its peers.

Bridgebio Pharma is a biotechnology company focused on rare diseases, especially heart related. The company's lead drug was recently approved, and the launch has gone better than expected.

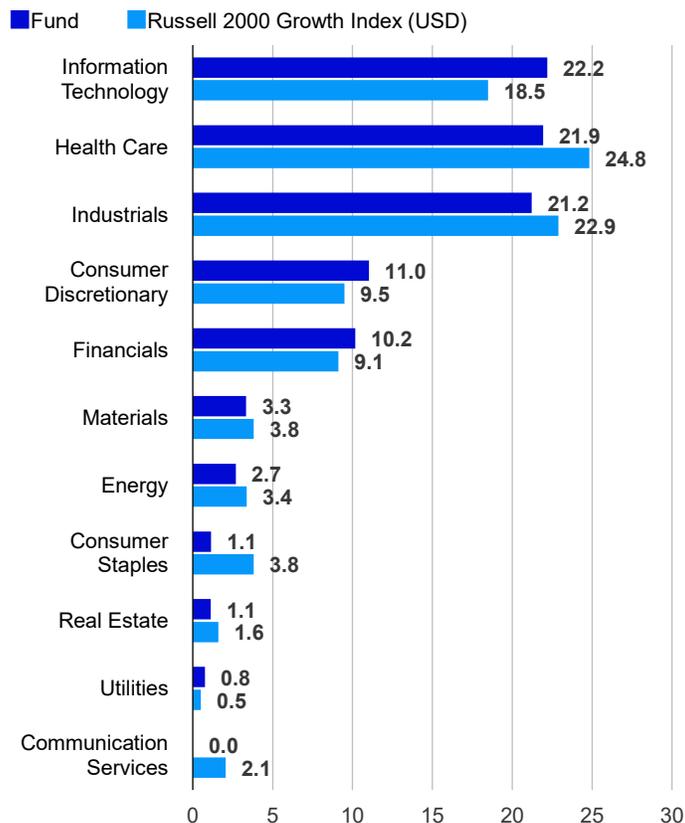
Sales

Intra-Cellular Therapies develops treatments for central nervous system (CNS) disorders. We sold the stock because the company agreed to be acquired for cash by Johnson & Johnson (not a fund holding).

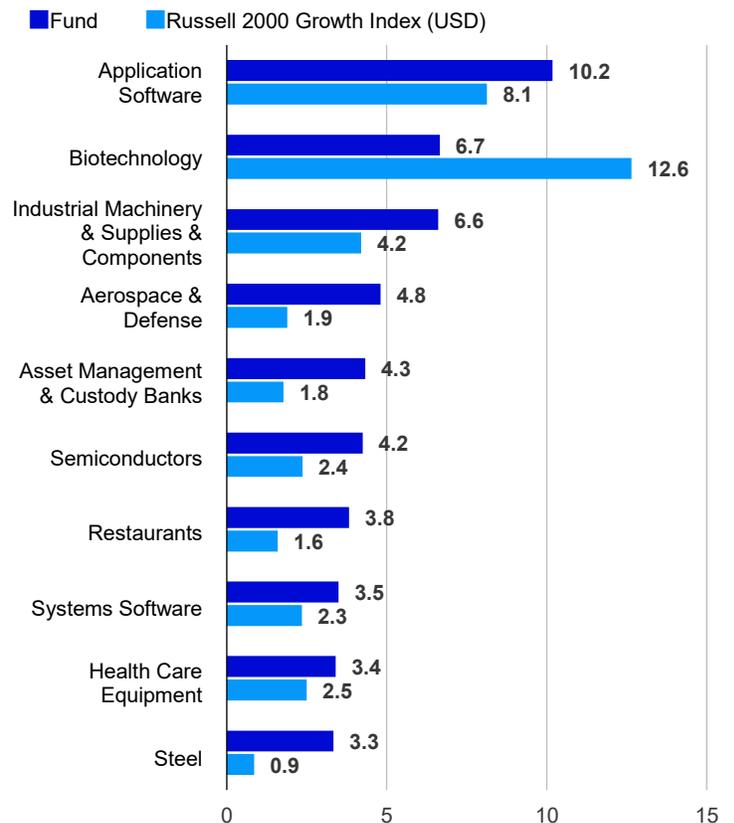
Lumentum manufactures and sells optical and photonic products. We sold the position to reduce the fund's exposure to AI spending.

Parsons provides design, engineering, software and prototype hardware solutions for defense, intelligence and critical infrastructure projects. We believe there is considerable risk of lower customer budgets given cost-cutting by DOGE and other actions.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

| Issuer | Return | Contrib. to return |
|--------------------------------|--------|--------------------|
| Intra-Cellular Therapies, Inc. | 57.67 | 0.47 |
| Mr. Cooper Group Inc. | 24.57 | 0.30 |
| Embraer S.A. | 25.95 | 0.17 |
| Encompass Health Corporation | 9.87 | 0.15 |
| TechnipFMC plc | 9.70 | 0.13 |

Top detractors (%)

| Issuer | Return | Contrib. to return |
|---------------------|--------|--------------------|
| Astera Labs, Inc. | -54.95 | -0.65 |
| Evercore Inc. | -27.71 | -0.60 |
| Freshpet, Inc. | -43.43 | -0.50 |
| Glaukos Corporation | -34.36 | -0.44 |
| AAON, Inc. | -33.52 | -0.44 |

Performance highlights

The fund lagged its benchmark in the first quarter. Performance was driven primarily by stock selection. Strength in energy and materials was offset by weakness in IT, consumer staples and financials.

Contributors to performance

The largest contributors to absolute return for the quarter were **Intra-Cellular Therapies**, **Mr. Cooper** and **Embraer**.

Intra-Cellular Therapies develops treatments for central nervous system (CNS) disorders. During the quarter, the company agreed to be acquired for cash by Johnson & Johnson (not a fund holding).

Mr. Cooper, the industry's largest collector of mortgage payments, performed well as Rocket Mortgage (not a fund holding), the nation's second-largest mortgage originator, announced it would buy the company.

Embraer is a Brazil-based producer of commercial, executive and military aircraft,

with a global customer base. The company announced significant orders in late 2024 and early 2025.

Detractors from performance

The largest detractors from absolute return for the quarter were **Astera Labs**, **Evercore** and **Freshpet**.

Astera Labs is a semiconductor company that develops connectivity solutions for AI and cloud infrastructure. The stock fell due to a decline in AI-related stocks, largely due to news about DeepSeek, a lower cost AI model out of China, which challenged the AI secular growth narrative.

Evercore is a global, independent investment banking advisory firm. Management reported mixed quarterly results. The company has underperformed further due to a slow start for merger & acquisition activity in 2025.

Freshpet is the leading manufacturer of fresh dog and cat food in the US. The stock underperformed due to slowing sales trends.

Standardized performance (%) as of March 31, 2025

| | | Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|--|-----------------------|---------|--------|---------------------|---------------------|---------------------|--------------------|-----------------|
| Class A shares inception: 09/11/86 | NAV | -12.16 | -12.16 | -4.57 | 1.04 | 12.31 | 9.73 | 10.42 |
| | Max. Load 5.5% | -16.99 | -16.99 | -9.81 | -0.85 | 11.05 | 9.11 | 10.26 |
| Class R6 shares inception: 01/27/12 | NAV | -12.07 | -12.07 | -4.20 | 1.41 | 12.73 | 10.16 | 12.10 |
| Class Y shares inception: 06/01/94 | NAV | -12.10 | -12.10 | -4.34 | 1.28 | 12.58 | 9.99 | 9.09 |
| Russell 2000 Growth Index (USD) | | -11.12 | -11.12 | -4.86 | 0.78 | 10.78 | 6.14 | - |
| Total return ranking vs. Morningstar Small Growth category (Class A shares at NAV) | | - | - | 46% (239 of 549) | 39% (188 of 533) | 47% (204 of 518) | 11% (35 of 393) | - |

Expense ratios per the current prospectus: Class A: Net: 1.03%, Total: 1.03%; Class R6: Net: 0.65%, Total: 0.65%; Class Y: Net: 0.79%, Total: 0.79%.

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. Index source: RIMES Technologies Corp. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. 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 | 1.98 | 4.22 | 29.12 | -3.60 | 36.74 | 50.06 | 15.61 | -31.26 | 17.01 | 22.55 |
| Class R6 shares at NAV | 2.40 | 4.69 | 29.64 | -3.20 | 37.30 | 50.65 | 16.04 | -31.01 | 17.46 | 22.99 |
| Class Y shares at NAV | 2.21 | 4.48 | 29.40 | -3.36 | 37.06 | 50.40 | 15.88 | -31.10 | 17.30 | 22.84 |
| Russell 2000 Growth Index (USD) | -1.38 | 11.32 | 22.17 | -9.31 | 28.48 | 34.63 | 2.83 | -26.36 | 18.66 | 15.15 |

Portfolio characteristics*

| | Fund | Index |
|--------------------------------|-------|-------|
| No. of holdings | 101 | 1,116 |
| Top 10 issuers (% of AUM) | 21.74 | 8.02 |
| Wtd. avg. mkt. cap (\$M) | 6,815 | 4,107 |
| Price/earnings | 27.99 | 20.80 |
| Price to book | 4.55 | 3.57 |
| Est. 3 – 5 year EPS growth (%) | 19.36 | 13.90 |
| ROE (%) | 9.55 | 6.97 |
| Long-term debt to capital (%) | 34.31 | 34.93 |
| Operating margin (%) | 10.54 | 10.29 |

Risk statistics (5 year)*

| | Fund | Index |
|--------------------|-------|--------|
| Alpha (%) | 2.08 | 0.00 |
| Beta | 0.93 | 1.00 |
| Sharpe ratio | 0.42 | 0.35 |
| Information ratio | 0.20 | 0.00 |
| Standard dev. (%) | 23.01 | 23.45 |
| Tracking error (%) | 7.70 | 0.00 |
| Up capture (%) | 92.22 | 100.00 |
| Down capture (%) | 94.94 | 100.00 |
| Max. drawdown (%) | 37.58 | 33.43 |

Quarterly performance attribution

Sector performance analysis (%)

| Sector | Allocation effect | Selection effect | Total effect |
|------------------------|-------------------|------------------|--------------|
| Communication Services | 0.08 | 0.00 | 0.08 |
| Consumer Discretionary | -0.07 | 0.11 | 0.04 |
| Consumer Staples | -0.18 | -0.53 | -0.71 |
| Energy | -0.01 | 0.36 | 0.35 |
| Financials | 0.07 | -0.34 | -0.27 |
| Health Care | -0.23 | 0.17 | -0.06 |
| Industrials | 0.01 | -0.01 | 0.00 |
| Information Technology | -0.39 | -0.54 | -0.92 |
| Materials | -0.02 | 0.30 | 0.29 |
| Other | 0.00 | 0.00 | 0.00 |
| Real Estate | -0.06 | -0.09 | -0.15 |
| Utilities | 0.02 | -0.02 | 0.00 |
| Cash | 0.55 | 0.00 | 0.55 |
| Total | -0.21 | -0.59 | -0.80 |

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 03/31/25. Unless stated otherwise, Index refers to Russell 2000 Growth Index (USD).

As of the open of business on June 28, 2013, the fund limited public sales of its shares to certain investors. For more information on who may invest in the fund, please see the prospectus.

About Risk

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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.

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.