

Invesco Discovery Mid Cap Growth Fund

Q1 2024

Key takeaways

1 The fund outperformed its benchmark.
Strong results led the fund to outperform its benchmark, the Russell Midcap Growth Index, in the first quarter. Outperformance was primarily driven by stock selection in the industrials, consumer discretionary and health care sectors.

2 US equity market strength continued into the first quarter of 2024.
The Federal Reserve's (Fed) signaling of easier monetary policy and positive corporate earnings appeared to stoke investor optimism, leading to broader strength across equity styles and capitalizations. All US equity style indexes posted positive performance.

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

Investment objective

The fund seeks capital appreciation.

Fund facts

Fund AUM (\$M) 6,227.70

Portfolio managers

Ronald Zibelli, Justin Livengood

Manager perspective and outlook

- The Fed signaled a pivot toward lower interest rates and the corporate earnings season was positive, which appeared to stoke investor optimism. Market strength broadened beyond the small number of stocks that had been leading the market and all US equity style indexes delivered positive performance. In response to mixed economic data, the Fed's anticipated interest rate cuts have been delayed, which caused the yield curve to shift uniformly higher while remaining inverted. Momentum and Growth were the best performing factors this quarter, which aligns well with the fund's investment approach.
- Invesco Growth Team's view of the stock market outlook for 2024 is constructive. The US economy has continued to expand, inflation has been moderating, the Fed has been forecasting interest rate cuts and corporate profits have been rising again after a multi-quarter period of contraction.
- Meanwhile, technology-driven innovation has continued to create opportunities for wealth creation. Keeping this backdrop in mind, we remain focused on investing in shares of reasonably valued companies that we judge to have superior relative growth potential.



Top issuers

(% of total net assets)

	Fund	Index
TransDigm Group Inc	2.27	0.33
Monolithic Power Systems Inc	1.88	0.93
Manhattan Associates Inc	1.87	0.46
Deckers Outdoor Corp	1.84	0.72
Ares Management Corp	1.83	0.66
HubSpot Inc	1.80	0.86
Hilton Worldwide Holdings Inc	1.80	0.72
United Rentals Inc	1.77	0.30
Dexcom Inc	1.76	1.60
Trane Technologies PLC	1.69	0.60

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we changed several stocks that resulted in minor sector shifts of +/- 1%. The most notable change was in information technology (IT) where we reduced the fund's overweight.

At the end of the quarter, the fund's largest overweights were in the industrials, materials and IT sectors, while the largest underweights were in the health care, financials, communications services and consumer staples sectors. The fund had no exposure in the smallest sector, utilities. At the security level, we added and removed several stocks to reflect our desired positioning and upgrade the portfolio:

Buys

PTC is a global software company providing a portfolio of innovative digital solutions that work together to transform how physical products are engineered, manufactured and serviced. The company has been transitioning to a recurring revenue model, which we believe should result in faster growth and a higher valuation.

Nutanix offers one platform for everything – enterprise apps, cloud-native apps, analytics and machine learning, databases, desktops, and critical services. We believe the company is going to take market share due to the Broadcom/VMware merger (not fund holdings).

Lennar is a leading US homebuilder. We added the stock due to robust demand for new homes, Lennar's strength in building entry level homes, its ability to offer below-market mortgage rates through rate buy-downs, effective execution and its planned return of cash to shareholders.

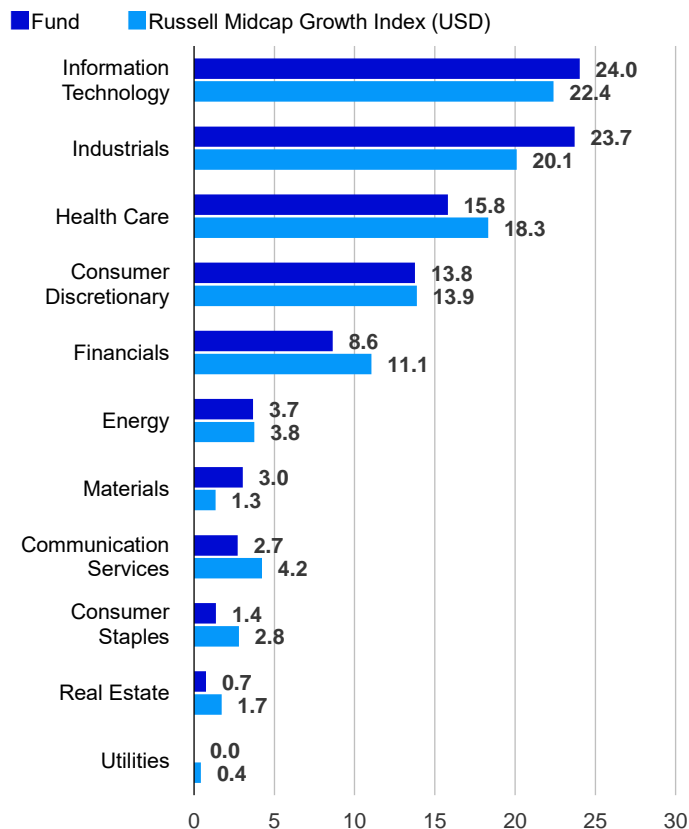
Sells

CrowdStrike provides cybersecurity products and services to stop breaches. We sold the position because its market cap increased beyond the fund's typical investment range.

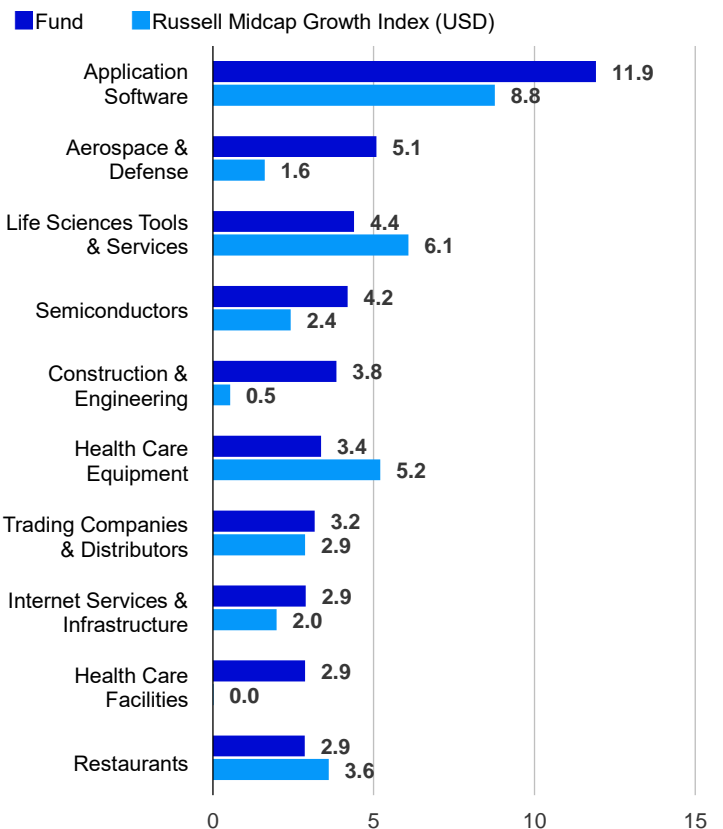
D.R. Horton is the largest US homebuilder by volume. We exited the stock due to disappointing gross profit margins and orders in its quarterly results.

Synopsys provides electronic design automation software that engineers use to design and test integrated circuits. We sold the position because its market cap increased beyond the fund's typical investment range and due to the pending acquisition of Ansys, which will likely take a year to close.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Comfort Systems USA, Inc.	54.60	0.74
Vertiv Holdings Co	70.09	0.72
Deckers Outdoor Corporation	40.82	0.64
TransDigm Group Incorporated	21.75	0.51
CrowdStrike Holdings, Inc.	25.67	0.50

Top detractors (%)

Issuer	Return	Contrib. to return
Mobileye Global Inc.	-30.82	-0.24
MongoDB, Inc.	-12.28	-0.22
ON Semiconductor Corporation	-14.84	-0.16
Globant S.A.	-15.16	-0.16
Exact Sciences Corporation	-16.07	-0.15

Performance highlights

The fund outperformed its benchmark, the Russell Midcap Growth Index in the first quarter. Outperformance primarily resulted from stock selection in the industrials, consumer discretionary and health care sectors.

Contributors to performance

The largest contributors to absolute return for the quarter were **Comfort Systems, Vertiv** and **Deckers**.

Comfort Systems provides heating, ventilation and air conditioning (HVAC) installation, maintenance, repair and replacement services within the mechanical services industry. Comfort Systems released a strong fourth quarter earnings report with revenues, EPS (earnings per share), EBITDA (earnings before interest, taxes, depreciation and amortization) and order backlog all better than Wall Street analyst estimates. The stock also outperformed due to its exposure to data center and mega cap construction spending.

Vertiv provides critical infrastructure and services (hardware, software, analytics) for data centers, communication networks, and commercial and industrial environments. Management continued to report key performance indicators that have been above expectations.

Deckers designs and markets footwear and accessories and makes both Ugg and HOKA

footwear. The company had a successful 2023 holiday selling season and announced a strong quarter in which revenues, profit margins and EPS beat consensus estimates and both brands showed continued momentum.

Detractors from performance

The largest detractors from absolute return for the quarter were **Mobileye, MongoDB** and **ON Semiconductor**.

Mobileye leads the way in autonomous driving technology. The company already provides software and chips that process data from front-facing cameras to help vehicles avoid dangerous situations by sending signals to the brakes before an impact. The stock underperformed after management preannounced negative results due to an auto inventory correction.

MongoDB is a software company that develops and provides commercial support for the source-available database engine MongoDB. Management reported good quarterly earnings but provided conservative guidance for fiscal year 2024, causing shares to pull back.

ON Semiconductor designs, manufactures and supplies semiconductor products and solutions. The stock underperformed as demand for silicon carbide has softened due to weak electric vehicle sales.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 11/01/00	NAV	16.02	16.02	24.60	1.97	11.89	10.99	8.17
	Max. Load 5.5%	9.64	9.64	17.72	0.07	10.62	10.37	7.91
Class R6 shares inception: 02/28/13	NAV	16.10	16.10	25.03	2.34	12.33	11.45	12.85
Class Y shares inception: 11/01/00	NAV	16.09	16.09	24.89	2.21	12.18	11.27	8.61
Russell Midcap Growth Index (USD)		9.50	9.50	26.28	4.62	11.82	11.35	-
Total return ranking vs. Morningstar Mid-Cap Growth category (Class A shares at NAV)		-	-	42% (222 of 551)	54% (264 of 521)	28% (133 of 489)	29% (114 of 393)	-

Expense ratios per the current prospectus: Class A: Net: 1.04%, Total: 1.04%; Class R6: Net: 0.66%, Total: 0.66%; 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	5.40	6.10	1.89	27.98	-6.42	38.96	40.11	18.87	-31.09	12.96
Class R6 shares at NAV	5.94	6.53	2.35	28.54	-6.02	39.52	40.73	19.27	-30.81	13.39
Class Y shares at NAV	5.68	6.28	2.15	28.37	-6.23	39.31	40.51	19.12	-30.92	13.24
Russell Midcap Growth Index (USD)	11.90	-0.20	7.33	25.27	-4.75	35.47	35.59	12.73	-26.72	25.87

Portfolio characteristics*

	Fund	Index
No. of holdings	83	330
Top 10 issuers (% of AUM)	18.51	15.06
Wtd. avg. mkt. cap (\$M)	30,736	31,915
Price/earnings	34.75	33.59
Price to book	7.66	8.93
Est. 3 – 5 year EPS growth (%)	16.82	15.04
ROE (%)	12.45	22.41
Long-term debt to capital (%)	43.26	44.47
Operating margin (%)	13.53	16.42

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.61	0.00
Beta	0.95	1.00
Sharpe ratio	0.46	0.45
Information ratio	0.01	0.00
Standard dev. (%)	21.47	21.91
Tracking error (%)	5.77	0.00
Up capture (%)	96.87	100.00
Down capture (%)	98.72	100.00
Max. drawdown (%)	35.37	34.12

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.03	0.43	0.45
Consumer Discretionary	0.00	1.25	1.25
Consumer Staples	0.01	0.44	0.45
Energy	0.03	0.51	0.54
Financials	-0.06	-0.06	-0.12
Health Care	0.05	1.05	1.10
Industrials	0.07	3.29	3.36
Information Technology	-0.09	0.05	-0.05
Materials	0.03	0.11	0.15
Real Estate	-0.05	-0.07	-0.12
Utilities	-0.06	0.00	-0.06
Cash	-0.22	0.00	-0.22
Total	-0.27	7.00	6.73

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 03/31/24. Unless stated otherwise, Index refers to Russell Midcap Growth Index (USD).

The Russell Midcap® Growth Index is an unmanaged index considered representative of mid-cap growth stocks. The Russell Midcap Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

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.

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 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.