



# Invesco International Small Company Fund

## Quarterly Performance Commentary

Nasdaq: A: IEGAX C: IEGCX Y: IEGYX

### Investment objective

The fund seeks long-term growth of capital.

### Portfolio management

Steve Cao, Jason T. Holzer, Borge Endresen

### Portfolio information

Total Net Assets \$278,440,444

Total Number of Holdings 67

### Top holdings

% of total net assets

Bolsa Mexicana de Valores SAB de CV	3.21
Calian Group	3.15
Wilson Sons	3.14
MorphoSys	2.70
Eastern Tobacco	2.57
Savills	2.51
Precia	2.38
DCC	2.35
Danieli & C.Officine Meccaniche SPA Rsp	2.22
Romgaz	2.15

### Top contributors

% of total net assets

1. Savills	2.51
2. Bolsa Mexicana de Valores	3.21
3. Nabtesco	1.69
4. Jupiter Fund Management	1.48
5. Clarkson	1.58

### Top detractors

% of total net assets

1. Staffline	0.74
2. Wilson Sons	3.14
3. MorphoSys	2.70
4. Openjobmetis	0.90
5. Net 1 UEPS Technologies	0.79

### Market overview

- Following a sharp selloff late last year, global equities rebounded in the first quarter of 2019, fueled by accommodative central bank policy and potential for a US/China trade deal.
- In January, China's central bank initiated a stimulus program to counteract its slowing economy, while the European Central Bank and US Federal Reserve later indicated they would not raise interest rates for the remainder of 2019.
- Lack of consensus on a deal for the UK's withdrawal from the European Union prompted additional concerns for UK and Eurozone economies, though equity markets across the region posted gains.
- Both emerging and developed markets had positive returns for the quarter.

### Performance highlights

- International Small Company Fund Class A shares at net asset value (NAV) had a positive return for the quarter but underperformed its benchmark index. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

- Stock selection in the financials and consumer staples sectors had the largest positive effects on relative performance.
- Geographically, stock selection in Japan added nicely to both absolute and relative returns. An underweight in the country was advantageous as well.
- Fund holdings in Mexico and Israel outperformed those of the benchmark index and also contributed to relative return.
- Mexico-based stock exchange **Bolsa Mexicana de Valores** was among the largest individual contributors during the quarter. The company reported strong fourth quarter and full year 2018 earnings and also benefited from improving investor sentiment amid signs that Mexico's new president may not be as aggressive as his campaign rhetoric suggested.

### Detractors from performance

- Stock selection in the industrials and energy sectors were the largest detractors from relative performance.
- On a geographic basis, security selection in Canada and Germany detracted from relative return.
- The fund's cash position detracted from relative results, given the rising market environment. It is important to note that cash is a by-product of the team's bottom-up investment process and not the result of any "top-down" tactical asset allocation or risk management allocation decision.
- UK-based **Staffline** was the fund's largest individual detractor during the quarter. On the eve of reporting fiscal year 2018 results in January 2019, the company's board delayed reporting and suspended trading to investigate allegations related to invoicing and payroll practices in the company's recruitment division. An independent investigation ended in March and cleared the company of the allegations. The stock rebounded but remained below its level prior to the trading suspension.

### Positioning and outlook

- There were two additions to the portfolio during the quarter, Denmark-based **TCM** and Georgia-based **TBC Bank** (1.00% and 0.99% of total net assets, respectively). Deteriorating fundamentals and/or valuations led to the sales of Norway-based **Oslo Bors VPS**, Australia-based **Tassal** and France-based **Tessi** (all 0.00% of total net assets).
- We hope the broadening of investor focus that occurred in the second half of 2018 and first quarter 2019 will persist and develop into a more prolonged market rotation. In an environment where US growth might be peaking, we believe our quality growth style could be moving back into favor.
- Regardless of the macroeconomic environment, the team remains focused on applying its well-established, long-term, bottom-up Earnings, Quality, Value (EQV) investment process that seeks to identify attractively valued, high-quality growth companies.

## Investment results

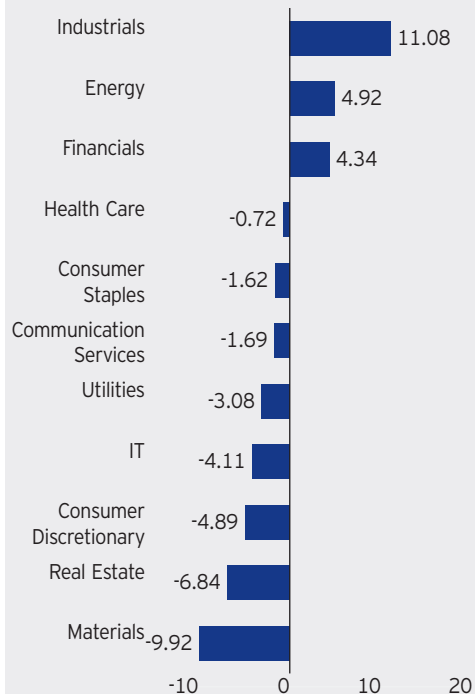
Average annual total returns (%) as of March 31, 2019

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index MSCI AC World Ex US Small Cap Index
	Inception: 08/31/00	NAV	Inception: 08/31/00	NAV	Inception: 10/03/08	
Inception	8.17	8.50	8.09	8.09	7.88	-
10 Years	10.37	11.00	10.17	10.17	11.27	11.86
5 Years	0.01	1.14	0.39	0.39	1.39	3.26
3 Years	5.20	7.20	6.40	6.40	7.46	7.01
1 Year	-16.89	-12.04	-13.54	-12.69	-11.85	-9.49
Quarter	1.62	7.53	6.29	7.29	7.52	10.26

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. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index source: FactSet Research Systems Inc.

## The fund's positioning versus the MSCI AC World Ex US Small Cap Index (% underweight/overweight)



## Asset mix (%)

Intl Common Stock	89.08
Cash	10.63
Other	0.29

## Expense ratios

	% net	% total
Class A Shares	1.60	1.61
Class C Shares	2.35	2.36
Class Y Shares	1.35	1.36

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2019. See current prospectus for more information.

For more information you can visit us at [www.invesco.com/us](http://www.invesco.com/us)

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.

The MSCI All Country (AC) World Ex US Small Cap Index represents the performance of small-cap stocks in developed and emerging markets, excluding the US. The index is computed using the net return, which withholds applicable taxes for non-resident investors. 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.

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

Stocks of small and mid-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.

---

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

***Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).***

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. Advisors, please contact your home office.

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

All data provided by Invesco unless otherwise noted.