INVESCO OPPENHEIMER

GOLD & SPECIAL MINERALS FUND

Q2 2019 COMMENTARY | AS OF 6/30/19

Fund Focus

The Fund typically invests in stocks of companies that provide exposure to gold and other precious metals.

Ticker Symbol

OPGSX (Class A Shares)
OGMYX (Class Y Shares)
OGMIX (Class R6 Shares)

Morningstar Category

Equity Precious Metals

Portfolio Manager
Shanquan Li
(Since 7/97)

Industry Experience
30 years

Client Portfolio Manager
John Corcoran

Invesco Oppenheimer Gold & Special Minerals Fund Class A, Y and R6 Shares
Average Annual Total Return as of 6/30/19

	2Q19	1-Year	3-Year	5-Year	10-Year or Since Inception
Invesco Oppenheimer Gold & Special Minerals Fund (Class A shares without sales charge)	14.33%	15.22%	-0.22%	0.29%	-0.69%
Invesco Oppenheimer Gold & Special Minerals Fund (Class A shares with sales charge)	8.04	8.90	-2.08	-0.84	-1.25
Invesco Oppenheimer Gold & Special Minerals Fund (Class Y shares)*	14.40	15.50	0.02	0.54	-6.78
Invesco Oppenheimer Gold & Special Minerals Fund (Class R6 shares)*	14.48	15.73	0.19	0.72	-7.59
Philadelphia Gold & Silver Index (XAU)[1]	10.45	4.01	-4.14	-2.77	-3.85
Morningstar Equity Precious Metals Category Average[2]	-	5.16	-4.74	-2.64	-2.63
Morningstar Percentile Rank and Ranking: Equity Precious Metals Category[3] (Class A shares based on total return)	-	12th #9/69	6th #5/65	12th #8/63	4th #3/46

Returns for periods less than one year are cumulative and not annualized.

Annual Expense Ratios:
Class A shares: Gross: 1.25%; Net: 1.17%
Class Y shares: Gross: 1.00%; Net: 0.92%
Class R6 shares: Gross: 0.78%; Net: 0.75%
*Class Y shares inception date is 9/07/10. Class R6 shares inception date is 10/26/12.

The performance data quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit oppenheimerfunds.com or call 1-800-959-4246. Fund returns include changes in net asset value with dividends and capital gains reinvested. Class A shares include the 5.50% maximum sales charge where indicated. Class Y and Class R6 shares are not subject to a sales charge. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. Total annual fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through May 28, 2021. See current prospectus for more information. 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. Class I shares were reorganized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Y shares are generally intended for certain investors, such as wrap-fee based programs or commissionable brokerage platforms that charge sales commission. See prospectus for details.

SUMMARY

- Invesco Oppenheimer Gold & Special Minerals Fund (Fund) invests in securities that provide exposure to gold and other valuable metals. The Fund manager combines industrywide or top down analysis with rigorous company specific or bottom up fundamental analysis to identify potential investments.
- For the first half of 2019, the Fund's Class A Shares (without sales charge) delivered a total return of 24.70%, outperforming the Index, which rose 19.57%, by 513 bps. In addition, the Fund outperformed the Van Eck Vectors Gold Miners ETF by 351 bps and the Van Eck Vectors Junior Gold Miners ETF by 901 bps, respectively, in the same period. The Fund also outperformed the NYSE Arca Gold Miners Index by 247 bps and the NYSE Arca Gold BUGS Index by 283 bps, respectively, in the first half of 2019.
- The Fund's total return ranked in the 8th percentile of the Morningstar Equity Precious Metals category for the year-to-date period ending 6/30/19 (out of 71 funds), the 12th percentile for the 1-year period (out of 69 funds), the 6th percentile for the 3-year period (out of 65 funds), the 12th percentile for the 5-year period (out of 63 funds), the 4th percentile for the 10-year period (out of 46 funds), and the 3rd percentile for the 15-year period (out of 33 funds).
- The biggest contributors to performance in the second quarter were our positions in Northern Star Resources, Kirkland Lake Gold and Ivanhoe Mines. The largest detractors were our holdings in Dacian Gold Limited, Torex Gold Resources and Aurelia Metals Limited.
- Gold bullion, which began the quarter at $1,292 per troy ounce, oscillated in a $173 range before ending the period at $1,409 for a gain of 9.07% or $117 per ounce. The precious metals complex climbed in the quarter on the back of rising geopolitical risk in the Middle East and Europe, slowing economic growth, a falling U.S. dollar, benign inflation expectations, continuing trade wars and easing monetary policies. Risk assets continued their year-to-date rally in the second quarter as the Federal Reserve (Fed) indicated it could cut interest rates in response to economic turmoil. In fact, several other central banks did cut rates during the reporting period.
- We focus on firms with high-quality reserves, solid prospects for growth, attractive cost structures, sound balance sheets, attractive free cash flow and talented managements.

PERFORMANCE REVIEW

In the second quarter of 2019, the gold price fluctuated within a $173 range before ending the period up 9.07% at $1,409 for a gain of $117 per ounce. The gold mining equities (as represented by the Index) ended the quarter up 10.45%. Precious metals performed well in the reporting period although the overall commodity complex came under modest pressure as economic growth slowed, inflation remained tame and the trade wars continued. More specifically, palladium climbed 11.01% in the period followed by gold (+9.07%) and silver (+1.32%). Platinum declined 1.73% followed by nickel (-2.26%), Brent crude oil (-2.69%), WTI crude oil (-2.78%), lead (-4.21%), copper (-7.55%) and natural gas (-13.16%). The energy-heavy S&P GSCI Index declined 1.42% while the Bloomberg Commodity Index slipped 1.19%.

The strongest contributors to performance in the reporting period were our positions in Northern Star Resources, Kirkland Lake Gold and Ivanhoe Mines.

Our position in **Northern Star Resources (NST AU)** contributed to performance. The Australian gold producer posted strong results in 2018 and the stock price reflected those results, climbing 54% last year. After a slow start to 2019, the company is forecasting a strong June quarter including a significant rebound in production. Management expects meaningfully better performance from the newly-acquired Pogo mine now that new mining techniques have been implemented and new equipment is on site. This news helped support the 30% jump in the share price during the reporting period.

Our position in **Kirkland Lake (KL CN),** a Canadian gold producer, also contributed to performance as the stock climbed 37% in the period after rising 85% in 2018. Kirkland delivered strong quarterly results and management raised guidance for the rest of 2019. In addition, the company hosted a tour of its Macassa mine and provided more information about the economics of the shaft it is developing there. The shaft is expected to provide significant growth to this asset, increasing production by approximately 50% and dramatically lowering production costs. These factors plus the continued strong generation of cash have resulted in stock price outperformance.

Our position in **Ivanhoe Mines (IVN CN),** a Canadian-based producer of copper and other metals, contributed to performance as the stock climbed 30% in the reporting period. The company significantly de-risked the Kukula copper project this quarter with the commitment of capital from Citic Metals. Citic invested $454 million in Ivanhoe, which will leave the company with $1 billion in cash. This cash infusion effectively eliminates the financing risk for the company's largest project. The announcement of this investment bolstered the stock price.

In contrast, the largest detractors in the period were our holdings in Dacian Gold Limited, Torex Gold Resources and Aurelia Metals Limited.

Our position in **Dacian Gold Limited (DCN AU),** an Australian gold producer, detracted from performance during the reporting period. The company faced operational issues combined with lower than expected grades, which resulted in reduced production guidance and higher than expected production costs. These factors put downward pressure on the stock price.

Our position in **Torex Gold Resources (TXG CN),** a gold producer based in Canada, also detracted from performance. The company struggled during the period after missing expectations on production and cash flow, which put downward pressure on the share price.

Our position in **Aurelia Metals Limited (AMI AU)**, an Australian gold producer, detracted from performance as well. The company faced challenges in the reporting period when a high-grade stope did not deliver the ounces that management had expected. The production miss coincided with the unexpected departure of the CEO. These events shook the confidence of investors and put downward pressure on the share price.

STRATEGY DISCUSSION AND OUTLOOK

The precious metals complex climbed in the quarter on the back of rising geopolitical risk in the Middle East and Europe, slowing economic growth, a weaker U.S. dollar, benign inflation expectations, continuing trade wars and easing monetary policies. We believe some investors are increasingly viewing gold and other precious metals as warrants on monetary policy going off the rails or a potential hedge against competitive currency debasement or adverse geopolitical events.

In our view, macroeconomic crosswinds, relative monetary policy around the world, geopolitical risks and looming trade wars continue to impact the precious metals sector. The Fed raised the Fed Funds rate by 25 basis points four times in 2018, and a total of nine times since December 2015. However, in an about-face since the end of last year, the Fed now expects no rate hikes in 2019 while the Fed Funds futures are discounting three 25 basis point rate cuts this year. Numerous central banks have already started cutting rates in 2019, including those in India, Russia, Australia, New Zealand, Malaysia and the Philippines. The prospect of easing monetary policy has helped support the rally in risk assets so far this year.

The U.S. dollar weakened dramatically in 2017, and then strengthened dramatically in 2018. After climbing 1.15% in the first quarter, the U.S. Dollar Index reversed course and declined 1.18% in the second quarter, and is now flat for the year. (A weaker dollar is generally bullish for commodity prices.)

The Trump administration has reduced federal regulations, enacted tax reform and increased federal spending, all of which are intended to stimulate economic growth. These moves will also increase the annual deficit significantly. The Trump administration's other pro-growth policies, if enacted, could lead to less regulation and additional fiscal stimulus, which in turn could lead to faster economic growth, higher interest rates and a stronger dollar. The prospect of these developments would be expected to put downward pressure on the precious metals complex.

Although it is beyond the scope of this Commentary to list all the forces impacting the precious metals sector or discuss their merits in detail, we believe that certain of the key macro factors impacting gold over the last several years remain in place. They include profligate monetary and fiscal policies around the world, competitive currency debasement, extremely low and even negative interest rates, disappointing economic growth and geopolitical turmoil. On the other hand, several factors could pressure the yellow metal, including a strengthening U.S. dollar, rising real rates, faster economic growth, rising equity markets, low inflation and a hawkish change in U.S. monetary policy.

The portfolio has a growth-at-a-reasonable-price tilt. We favor companies with more resources in the ground, higher quality ore bodies and lower cost structures than Wall Street appreciates, partly because these characteristics can lead to upside surprises in production growth, revenue, cash flow and earnings, which in turn can lead to rising net asset values and (potentially) rising stock prices. We like growth, but we won't overpay for it, and we don't chase stocks. We continue to use a contrarian growth strategy, which means we tend to buy companies that we like when they are on sale, and we tend to trim or sell positions when others are buying aggressively.

The Fund manager remains focused on the growth potential of companies, the quality and size of their ore bodies in the ground, their cost structures, the strength of their balance sheets and the quality of their management teams. Moreover, we concentrate our efforts on analyzing the gold mining equities, and we tend to stay fully invested. Unlike many competitors, we do not hold large positions in cash and we do not own Treasuries in an effort to dampen portfolio volatility. The reasons are simple. We are investors, not short-term traders or market timers. In fact, we believe it is extremely difficult to time the precious metals markets well on a consistent basis. In addition, our skill is in analyzing ore bodies, mines and management teams, and investing in mining companies, not government fixed income securities.

We believe investors need patience to capture the total return potential of this volatile asset class, and they need appropriately sized positions so that they can hold on during the inevitable setbacks and downdrafts in the sector. More broadly, in this era of experimental monetary and fiscal policy, we believe that gold could eventually trade higher from current levels, but we do not believe the path will be smooth. We believe that if gold does trade higher, the mining equities could perform well from here. Accordingly, we favor an appropriately sized, longer-term strategic allocation to the Fund that can allow investors to look beyond the high day-to-day volatility of the physical metal and the gold mining equities.

Consistent with our disciplined and contrarian growth strategy, we continue to look for opportunities to buy companies with assets, cost structures and production/earnings growth profiles that we like at valuations that we consider attractive. The core holdings in the portfolio are well-capitalized senior and intermediate producers. The Fund will continue to hold most of its assets in gold-related equities. In the remainder of the portfolio, we focus on companies that produce valuable minerals or are otherwise engaged in the mining industry, and that offer attractive revenue and earnings growth at a reasonable price.

SPECIAL RISKS

Investments in mining and metal industry companies are speculative and may be subject to volatility. Foreign investments may be volatile and involve additional expenses and special risks, including currency fluctuations, foreign taxes, regulatory and geopolitical risks. Emerging and developing market investments may be especially volatile. Large sector holdings may expose investors to greater volatility and special risks associated with that sector. Investments in securities of growth companies may be volatile. Derivative instruments entail higher volatility and risk of loss compared to traditional stock or bond investments. Mid-sized company stock is typically more volatile than that of larger company stock. It may take a substantial period of time to realize a gain on an investment in a mid-sized company, if any gain is realized at all. Gold ETFs involve additional fees and risks. The Fund is classified as a "non-diversified" fund and may invest a greater portion of its assets in the securities of a single issuer. The Fund may also invest through a wholly owned Cayman Islands subsidiary, which involves the risk that changes to the laws of the Cayman Islands could negatively affect the Fund.

Top Ten Stock Holdings by Issuer[4] 2nd Quarter 2019 (as of 6/30/19)	
Northern Star Resources Ltd	7.46%
Evolution Mining Ltd.	6.12
Ivanhoe Mines Ltd.	5.40
Kirkland Lake Gold Ltd.	5.16
Barrick Gold Corp.	4.26
Newmont Mining Corp.	4.20
Agnico-Eagle Mines Ltd.	3.19
B2Gold Corp.	2.92
Endeavour Mining Corp.	2.76
Wesdome Gold Mines Ltd.	2.73
Total	**44.20**

Top & Bottom Equity Contributors to Return[4] 2nd Quarter 2019 (as of 6/30/19)	
Top Five	
Northern Star Resources Ltd	2.14%
Kirkland Lake Gold Ltd.	1.98
Ivanhoe Mines Ltd.	1.60
Evolution Mining Ltd.	1.24
Wesdome Gold Mines Ltd.	0.84
Bottom Five	
Dacian Gold Ltd.	-1.47%
Torex Gold Resources Inc.	-0.74
Aurelia Metals Limited	-0.34
First Quantum Minerals Ltd.	-0.33
Trevali Mining Corporation	-0.26

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DISCLOSURES

Past performance does not guarantee future results.

1. The Philadelphia Gold & Silver (linked index) returns for the Gold & Special Minerals Fund are made up of the returns of (i) the NYSE Arca Gold Miners Index through June 30, 2011, and (ii) the Philadelphia Gold & Silver Index from July 1, 2011 to present. The Philadelphia Gold and Silver Index is an index of 30 precious metals mining companies that are traded on the Philadelphia Stock Exchange. The indices are unmanaged, include the reinvestment of dividends and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
2. Source: Morningstar, Inc., 6/30/19. The Morningstar Equity Precious Metals Funds Category Average is the average return of all funds within the investment category as defined by Morningstar. Returns are adjusted for the reinvestment of capital gains distributions and income dividends, without considering sales charges. Performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
3. Source: Morningstar, Inc., 6/30/19. Morningstar ranking is for Class A shares and ranking may include more than one share class of funds in the category, including other share classes of this Fund. Ranking is based on total return as of 6/30/19, without considering sales charges. Different share classes may have different expense and performance characteristics. Fund rankings are subject to change monthly. The Fund’s total return percentile rank is relative to all funds that are in the Equity Precious Metals Funds category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top performing fund in a category will always receive a rank of 1.
4. Holdings, sector and country allocations are subject to change, do not constitute recommendations by Invesco and are based on the net assets of each particular sleeve of the strategy. Attribution analysis is a process used to analyze the absolute return (often called contribution) and the excess return (often called relative return) between a portfolio and its benchmark. The total effect measures both the allocation effect to a sector as well as stock selection within a sector. The mention of specific companies does not constitute a recommendation by any particular fund or by Invesco.
5. Growth At a Reasonable Price (GARP) is an investment strategy that seeks to combine tenets of both growth investing and value investing to find individual stocks.
6. The JP Morgan Global Manufacturing Purchasing Managers Index is a diffusion index designed to measure global manufacturing activity (50 is the dividing line between activity expanding and contracting). The MSCI ACWI (All Country World Index) is a market-capitalization-weighted index designed to measure the performance of developed and emerging market equity markets. The MSCI EM (Emerging Markets) Index is a market-capitalization-weighted index designed to measure the performance of emerging market stocks. The U.S. Dollar Index (DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Bloomberg Commodity Index is a broadly diversified index that is composed of futures contracts on 22 physical commodities traded on U.S. futures exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange. The S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. Indices are unmanaged and cannot be purchased directly by investors.

Shares of Invesco funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

These views represent the opinions of the Portfolio Manager at Invesco and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on June 30, 2019, and are subject to change based on subsequent developments. The Fund’s portfolio and strategies are subject to change. The mention of specific companies does not constitute a recommendation by any particular fund or by Invesco.

Total returns do not show the effects of income taxes on an individual’s investment. Taxes may reduce an investor’s actual investment returns on income or gains paid by the Fund or any gains realized if the investor sells his/her shares.

Before investing in any of the Invesco funds, investors should carefully consider a fund’s investment objectives, risks, charges, and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com, or calling 1.800.959.4246. Read prospectuses and summary prospectuses carefully before investing.

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