



# Invesco Small Cap Value Fund

## Quarterly Performance Commentary

Nasdaq: A: VSCAX C: VSMCX Y: VSMIX

### Investment objective

The fund seeks long-term growth of capital.

### Portfolio management

Jonathan Edwards, Jonathan Mueller

### Portfolio information

Total Net Assets	\$1,504,334,467
Total Number of Holdings	65

### Top holdings

% of total net assets

AECOM	4.53
Owens Corning	3.68
Carpenter Technology	3.20
Crown	3.19
Delphi Technologies	2.99
Builders FirstSource	2.94
Sealed Air	2.92
Dana	2.66
Energizer	2.62
MGIC Investment	2.57

### Top contributors

% of total net assets

1. AECOM	4.53
2. Owens Corning	3.68
3. Builders FirstSource	2.94
4. LPL Financial	0.00
5. REV Group	1.51

### Top detractors

% of total net assets

1. Mylan	1.96
2. Chemours	1.79
3. Energizer	2.62
4. Affiliated Managers	2.22
5. Stericycle	2.16

### Market overview

- Though the S&P 500 Index posted a modest gain of 4.30% for the second quarter, the US stock market experienced increased volatility. After four consecutive months of rising prices, stocks sold off in May, with the S&P 500 falling 6.58%. Bond yields and oil prices also fell as investors weighed the impact of the ongoing US/China trade war and potential for new tariffs on Mexican imports. Additionally, data showed slowing in the US and global economies. Equity markets recovered in June as the S&P 500 returned 7.05%, its best June performance since 1955. The Russell 2000 Value Index posted a small gain in the second quarter. Sector performance within the index was mixed as industrials, financials and utilities posted the largest gains, while consumer staples, energy and communication services posted the largest losses.

### Performance highlights

- The fund's Class A shares at net asset value (NAV) outperformed the Russell 2000 Value Index. (Please see the investment results table on page 2 for fund and index performance.) Performance drivers were mainly stock specific. Select holdings in the industrials sector were the largest contributors to absolute performance. Select holdings in health care and materials were the largest detractors from absolute return. The fund's overweight position in health care and avoidance of utilities detracted from its performance relative to the index.

### Contributors to performance

- Shares of **AECOM** rose after management reported strong financial results for its fiscal second quarter and later announced the intent to spin off the company's government services segment, citing the market's failure to appreciate the value of this business.  
 - **Owens Corning** performed well during the quarter following news that an activist investor had taken a position in the company's stock with intent to persuade the board to divest businesses or sell the company to maximize shareholder value.

### Detractors from performance

- Shares of **Mylan** declined as the company fell short of revenue expectations in the first quarter of 2019. We believe the price decline was an overreaction and added to the fund's position during the quarter.  
 - **Chemours** was negatively affected by investor concern about possible legal and environmental liabilities. We believe the stock's decline was an overreaction and during the quarter we added to the fund's position at lower prices.

### Positioning and outlook

- We use an intrinsic value approach to select investments for the fund. The portfolio is not constructed based on a short-term macro-economic view. Instead, positioning is driven by bottom-up stock selection based on intrinsic value. We seek to create wealth by maintaining a long-term investment horizon and investing in companies that we believe are significantly undervalued on an absolute basis.  
 - Given our focus on intrinsic value and a long-term investment horizon, the fund is currently positioned with more economically sensitive stocks than its peers.  
 - For some time, we have found very limited investment opportunities in the yield-oriented sectors of utilities and REITs, given their unattractive valuations.  
 - At quarter end, the difference between the market price and the estimated intrinsic value of the fund's holdings was very attractive, according to our estimation. Though 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 indicates above-average capital appreciation potential.  
 - We have been taking advantage of recent short-term, fear-induced market volatility to invest in new opportunities. We are excited about the current portfolio and believe the investments we have been making may continue to position fund for solid absolute and relative performance over the long term.  
 - Going forward, we will work hard to protect and grow the fund's estimated intrinsic value. We thank you for your investment and for sharing our long-term perspective.

## Investment results

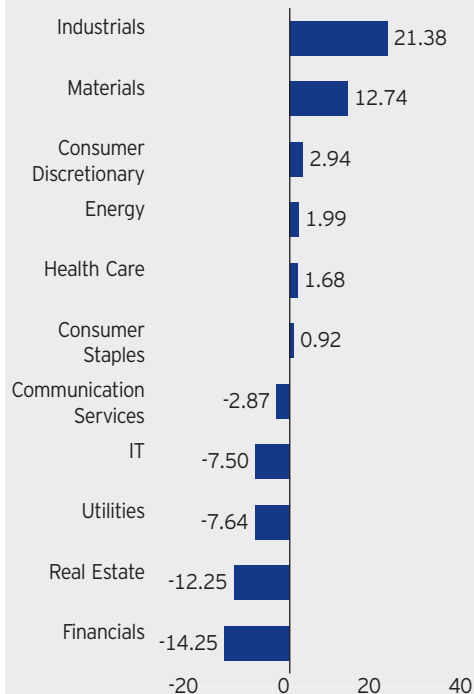
Average annual total returns (%) as of June 30, 2019

Period	Class A Shares Inception: 06/21/99		Class C Shares Inception: 06/21/99		Class Y Shares Inception: 08/12/05	Style-Specific Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	Russell 2000 Value Index
Inception	9.47	9.77	9.36	9.36	8.88	-
10 Years	11.75	12.39	11.54	11.54	12.66	12.40
5 Years	1.79	2.95	2.17	2.17	3.21	5.39
3 Years	8.77	10.83	9.98	9.98	11.11	9.81
1 Year	-12.09	-6.96	-8.33	-7.68	-6.74	-6.24
Quarter	-2.84	2.78	1.49	2.49	2.84	1.38

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 Russell 2000 Value Index (% underweight/overweight)



## Asset mix (%)

Dom Common Stock	95.36
Intl Common Stock	1.89
Cash	2.62
Other	0.13

## Expense ratios

	% net	% total
Class A Shares	1.12	1.12
Class C Shares	1.86	1.86
Class Y Shares	0.87	0.87

Per the current prospectus  
Net and Total = The expense ratio includes acquired fund fees and expenses of 0.01% for the underlying funds.

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.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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 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.

The S&P 500® Index is an unmanaged index considered representative of the US stock market. 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.

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.

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.

---

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.