Invesco

QUARTERLY REVIEW

A: VSCAX | R6: SMVSX | Y: VSMIX

Invesco Small Cap Value Fund

Q3 2026

Key takeaways

1. **The fund underperformed its benchmark**

   Stock selection in information technology (IT) drove much of the fund's underperformance in the third quarter due to weakness across semiconductor holdings. Conversely, stock selection in health care and an underweight in consumer discretionary aided relative return.

2. **Fund managers capitalized on market volatility in an effort to find new opportunities**

   We took advantage of market volatility during the quarter to purchase several new holdings across various sectors. We also eliminated several holdings and used the proceeds to fund investments we believe have more upside potential.

3. **Longer term, small-cap value stocks appear attractive relative to S&P 500 Index stocks**

   The price/earnings (P/E) multiple of the Russell 2000 Value Index has been at a historical discount compared to the P/E of the S&P 500 Index. We believe this valuation represents a compelling long-term investment opportunity.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM ($M)	10,657.20

Portfolio managers

Jonathan Edwards, Jonathan Mueller

Manager perspective and outlook

- In managing the fund, we employ an intrinsic value approach to stock selection. It should be noted that the portfolio is not constructed based on a short-term macroeconomic view. Instead, positioning is driven by a bottom-up stock selection process based on our estimate of intrinsic value, which is based on a company's future cash flows.
- We seek to create wealth by maintaining a long-term investment horizon and by investing in companies that we believe are significantly undervalued on an absolute basis.
- Given our focus on intrinsic value and our long-term investment horizon, at quarter end, the fund was positioned with greater exposure to economically sensitive stocks compared to its peers.
- Following the outperformance of large-cap stocks over small-cap stocks in recent years, we see greater long-term upside to intrinsic value in many small-caps compared to large-caps.
- At quarter end, the difference between the market prices of the fund's holdings and our estimates of their intrinsic value was attractive, in our view.
- Although 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 indicated attractive long-term capital appreciation potential.

For more information, including prospectus and factsheet, please visit Invesco.com/VSCAX

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value
Not Insured by any Federal Government Agency

Top issuers

(% of total market value)

	Fund	Index
Globe Life Inc	2.46	0.00
Pinnacle Financial Partners Inc	2.46	0.00
Saia Inc	2.16	0.00
SOUTHSTATE BANK CORP	2.16	0.00
Rambus Inc	2.11	0.00
Western Alliance Bancorp	2.05	0.00
ICON PLC	2.03	0.00
Ovintiv Inc	1.83	0.00
Equinox Gold Corp	1.82	0.00
AGCO Corp	1.74	0.00

As of 09/30/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

US equity markets were volatile during the quarter and small-cap stocks broadly declined; the Russell 2000 Index returned -7.23% for the three-month period. Inflation pressures, shifting monetary policy expectations and geopolitical uncertainty appeared to add to investor uncertainty. This volatility provided opportunities for us to purchase stocks we believe have attractive long-term upside to intrinsic value across a diverse set of industries.

Notable Additions:

Permian Resources: The company is an oil and gas producer focused on the Permian Basin, one of the lowest cost energy regions in North America. We purchased the company because we believed the market was undervaluing its high quality asset base, strong free cash flow generation and shareholder-friendly capital allocation strategy. The stock was trading below our estimate of intrinsic value.

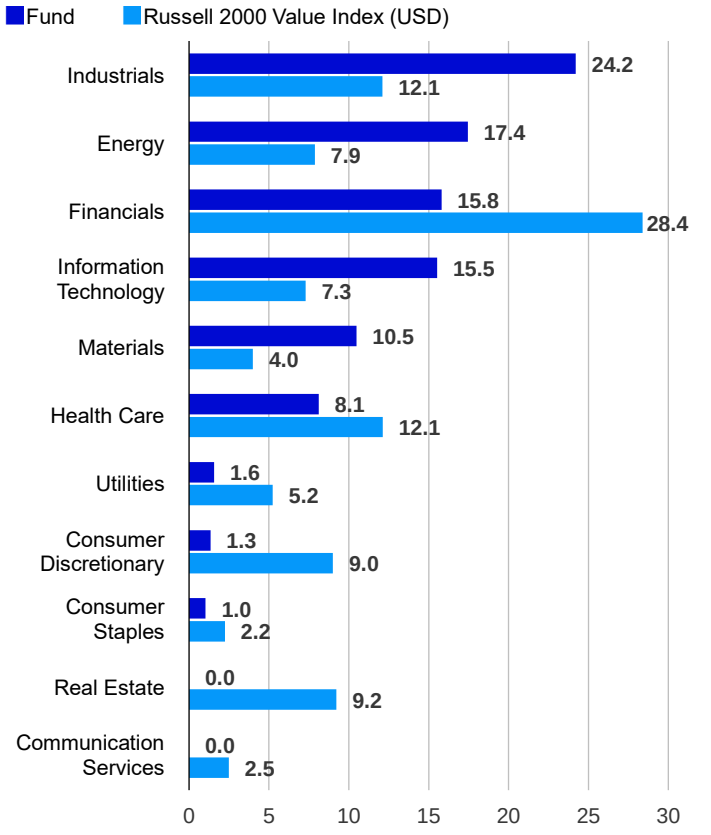
Konecranes: The company is a global provider of industrial cranes, lifting equipment and maintenance services used in manufacturing, logistics and ports. We purchased the stock because we believed the market was overlooking the value of its recurring service revenue and long-term earnings potential. We viewed the shares as attractively valued given opportunities for operational improvement, earnings growth and eventual recognition of the company's intrinsic value.

Notable Sales:

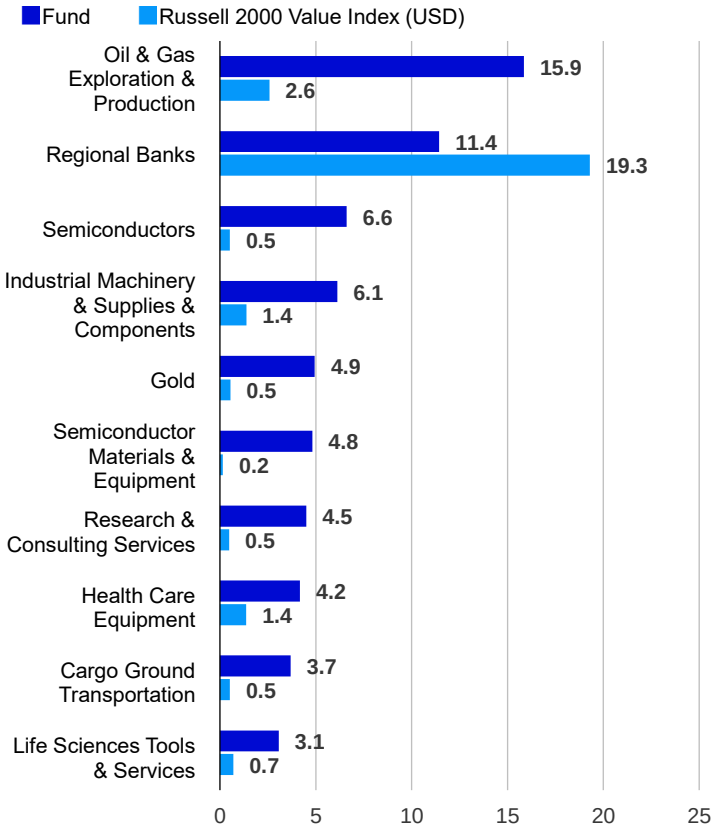
Webster Financial: Webster Financial is a regional banking company. We exited the position in conjunction with the completion of Santander's (not a fund holding) acquisition of Webster. Proceeds were redeployed into investments believed to offer greater upside to intrinsic value and greater risk/reward potential.

Integer: We sold this medical device contract development and manufacturing company on the announcement that KKR (not a fund holding) would acquire it in an all-cash transaction that will take the company private. We redeployed the capital into opportunities with what we saw as more attractive potential upside relative to our estimate of intrinsic value.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Integer Holdings Corporation	33.17	0.56
Avantor, Inc.	52.02	0.44
Charles River Laboratories International, Inc.	25.39	0.29
APA Corporation	28.42	0.27
Chord Energy Corporation	18.32	0.19

Top detractors (%)

Issuer	Return	Contrib. to return
MKS Inc.	-40.29	-1.59
Allegro MicroSystems, Inc.	-47.79	-1.20
Coherent Corp.	-27.04	-1.17
Ultra Clean Holdings, Inc.	-43.15	-0.78
Penguin Solutions, Inc.	-28.05	-0.73

Performance highlights

Stock selection in IT was the largest detractor from relative and absolute returns, as semiconductor holdings sold off amid profit-taking in July. An overweight position and stock selection in industrials also detracted from relative return. Conversely, stock selection in health care was the largest contributor to both relative and absolute performance. An underweight in consumer discretionary added to relative results.

Contributors to performance

Integer: Shares of this medical device outsourcing manufacturer rose during the quarter after the company announced an agreement to be acquired by KKR at a premium. Better-than-expected earnings and continued demand across its medical device franchises also supported shares. We sold the position during the quarter.

Avantor: The company provides products and services supporting scientific research and manufacturing. Avantor reported better-than-expected quarterly results, driven by improving demand in its distribution business and stronger commercial execution. Management also raised its full-year outlook, reflecting signs of a gradual recovery in customer activity and improving organic growth.

Charles River Laboratories: This leading full-service contract research organization serving the pharmaceutical and biotechnology industries reported positive organic revenue growth due to improving demand. A strengthening operating environment and increases in key performance indicators and earnings guidance – as noted in business updates throughout the quarter – also supported the stock price. We sold this position during the quarter.

Detractors from performance

MKS Instruments: The company provides semiconductor manufacturing equipment, photonics solutions and specialty chemicals. Shares declined amid apparently greater caution toward semiconductor equipment stocks following a rally earlier in the year.

Allegro MicroSystems: The company designs power and sensing semiconductors used in the automotive, industrial and data center markets. Shares declined due to broader weakness across semiconductor stocks.

Coherent: This laser company develops and manufactures optoelectronic components and devices used in communications, electronics and industrial markets. Despite seemingly healthy demand for the company's products, shares declined amid profit-taking following strong prior gains and broad price weakness across AI-related infrastructure companies.

Standardized performance (%) as of September 30, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/21/99	NAV	-12.14	18.33	26.36	24.71	18.49	15.94	12.25
	Max. Load 5.5%	-16.97	11.84	19.40	22.38	17.16	15.28	12.02
Class R6 shares inception: 02/07/17	NAV	-12.06	18.67	26.82	25.19	18.95	16.38	-
Class Y shares inception: 08/12/05	NAV	-12.09	18.55	26.65	25.03	18.79	16.22	12.47
Russell 2000 Value Index (USD)		-4.91	16.96	20.77	17.93	7.80	9.40	-
Total return ranking vs. Morningstar Small Value category (Class A shares at NAV)		-	-	3% (11 of 472)	1% (6 of 454)	1% (4 of 436)	1% (2 of 368)	-

Expense ratios per the current prospectus: Class A: Net: 1.07%, Total: 1.07%; Class R6: Net: 0.70%, Total: 0.70%; Class Y: Net: 0.82%, Total: 0.82%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Index source: RIMES Technologies Corp. 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.

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	18.27	18.28	-25.29	32.05	10.81	36.51	4.32	22.91	24.53	17.64
Class R6 shares at NAV	-	18.68	-24.97	32.55	11.31	37.00	4.71	23.46	25.00	18.06
Class Y shares at NAV	18.61	18.58	-25.11	32.35	11.15	36.83	4.58	23.21	24.81	17.95
Russell 2000 Value Index (USD)	31.74	7.84	-12.86	22.39	4.63	28.27	-14.48	14.65	8.05	12.59

Portfolio characteristics*

	Fund	Index
No. of holdings	98	1,414
Top 10 issuers (% of AUM)	21.65	5.44
Wtd. avg. mkt. cap ($M)	10,817	3,297
Price/earnings	16.61	13.79
Price to book	1.82	1.41
Est. 3 – 5 year EPS growth (%)	17.16	9.43
ROE (%)	10.84	3.34
Long-term debt to capital (%)	32.64	31.09
Operating margin (%)	17.11	16.38

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	10.51	0.00
Beta	0.96	1.00
Sharpe ratio	0.68	0.20
Information ratio	1.17	0.00
Standard dev. (%)	21.69	20.50
Tracking error (%)	9.17	0.00
Up capture (%)	138.98	100.00
Down capture (%)	91.50	100.00
Max. drawdown (%)	20.02	21.12

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.11	0.00	0.11
Consumer Discretionary	0.53	-0.15	0.38
Consumer Staples	0.02	0.14	0.16
Currency Forward	0.03	0.00	0.03
Energy	1.07	-0.72	0.35
Financials	-0.03	-0.06	-0.09
Health Care	-0.29	0.70	0.42
Industrials	-0.36	-1.08	-1.44
Information Technology	-2.14	-5.16	-7.30
Materials	0.14	0.23	0.37
Other	0.00	0.00	0.00
Real Estate	0.26	0.00	0.26
Utilities	0.05	-0.46	-0.41
Cash	0.25	0.00	0.25
Total	**-0.35**	**-6.55**	**-6.90**

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 09/30/26. Unless stated otherwise, Index refers to Russell 2000 Value Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.
The fund has limited public sales of its shares to certain investors. For more information on who may continue to invest in the fund, please see the prospectus.

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 Rusell Co. Russell® is a trademark of the Frank Russell Co. 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.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

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.

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.

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 for a prospectus/summary prospectus containing this information. Read it carefully before investing.