



# Invesco Mid Cap Growth Fund

## Quarterly Performance Commentary

Nasdaq: A: VGRAX C: VGRCX Y: VGRDX

### Investment objective

The fund seeks capital growth.

### Portfolio management

James Leach

### Portfolio information

Total Net Assets \$2,862,771,197

Total Number of Holdings 87

### Top holdings

% of total net assets

ServiceNow 2.55

CoStar 2.37

Cheniere Energy 2.06

Roper Technologies 1.89

Live Nation Entertainment 1.84

SS&C Technologies 1.82

Burlington Stores 1.74

Black Knight 1.68

Guidewire Software 1.66

Zoetis 1.63

### Top contributors

% of total net assets

1. ServiceNow 2.55

2. CoStar 2.37

3. Worldpay 1.38

4. SS&C Technologies 1.82

5. Transdigm 1.54

### Top detractors

% of total net assets

1. Take-two Interactive Software 0.72

2. Burlington Stores 1.74

3. Humana 0.63

4. Centene 1.05

5. F5 Networks 0.00

### Market overview

- Following a sharp selloff late last year, equity markets rebounded in the first quarter of 2019, fueled by optimism about a potential US/China trade deal and the Federal Reserve's indication that there would be no interest rate hikes in 2019, a surprising shift in monetary policy.
- The Fed's more accommodative stance provided a supportive environment for equities and fixed income, even as US economic data were mixed and overseas growth appeared to be slowing.
- Against this backdrop, the S&P 500 Index posted its best first quarter since 1998, with all sectors delivering gains.

### Performance highlights

- The fund's Class A shares at net asset value (NAV) posted a gain for the quarter, but underperformed the Russell Midcap Growth Index. (Please see the investment results table on page 2 for fund and index performance.)
- Stock selection in the health care and financials sectors were key detractors from relative return.
- Conversely, stock selection in industrials and an underweight in consumer staples added to relative return.

### Contributors to performance

- **ServiceNow**, the fund's top individual contributor, provides cloud computing services to businesses in an effort to "make work better for people." Driving this quarter's performance was a massive 33% year-over-year subscription revenue growth, with strength across the company's portfolio and in every geographic region.
- **CoStar Group**, the leading provider of commercial real estate information, marketing and analytic services, was also a top contributor. **CoStar** reported another strong quarter, with revenues, earnings and bookings all exceeding expectations.

### Detractors from performance

- Video game developer **Take-Two Interactive Software** was the fund's largest individual detractor. **Take-Two** reported strong quarterly results due to stellar sales of Red Dead Redemption 2, but its guidance suggested slow momentum for the game online.
- Within specialty retail, the fund's overweight in **Burlington Stores** detracted during the quarter. Following nearly a dozen strong, earnings-beating quarters in which management raised future earnings guidance, **Burlington** beat earnings expectations, but guidance indicated lower future earnings. The stock sold off significantly on the news, but has since been recovering.

### Positioning and outlook

- Our view is that the global growth environment is slowing as the benefits of US tax stimulus and deregulation are offset by higher interest rates, rising labor costs and trade pressures.
- In such an environment, true growth will likely remain scarce, and we believe the market will favor companies that can produce growth and compound earnings in spite of the economic cycle.
- Given this scenario, we are seeking opportunities in companies that are increasing market share within their respective industries.
- Though we anticipate a possible economic slowing, we continue to prudently balance the portfolio between dynamic growth opportunities and more durable growth opportunities.

## Investment results

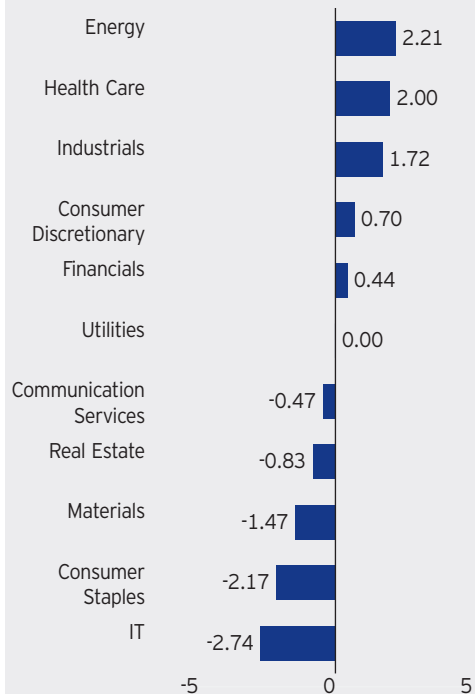
Average annual total returns (%) as of March 31, 2019

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index	Russell Midcap Growth Index
	Inception:		Inception:		Inception:		
	12/27/95	NAV	12/27/95	NAV	08/12/05		
Inception	11.20	11.47	11.13	11.13	8.94	-	-
10 Years	15.02	15.67	14.84	14.84	15.96		17.60
5 Years	6.70	7.91	7.15	7.15	8.18		10.89
3 Years	10.46	12.57	11.78	11.78	12.85		15.06
1 Year	1.10	6.99	5.39	6.28	7.26		11.51
Quarter	11.26	17.73	16.53	17.53	17.80		19.62

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. Performance includes litigation proceeds. Had these proceeds not been received, total return would have been lower. 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 Midcap Growth Index (% underweight/overweight)



## Asset mix (%)

Dom Common Stock	96.92
Intl Common Stock	1.97
Cash	1.17
Other	-0.06

## Expense ratios

	% net	% total
Class A Shares	1.17	1.17
Class C Shares	1.88	1.88
Class Y Shares	0.92	0.92

Per the current prospectus

A negative in Cash or Other, as of the date shown, is normally due to fund activity that has accrued or is pending settlement.

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 Russell Midcap<sup>®</sup> 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<sup>®</sup> is a trademark of the Frank Russell Co. An investment cannot be made directly in an index.

The S&P 500<sup>®</sup> Index is an unmanaged index considered representative of the US stock market. An investment cannot be made directly in an index.

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## About risk

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.

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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.