



# Invesco Long/Short Equity Fund

## Quarterly Performance Commentary

Nasdaq: A: LSQAX C: LSQCX Y: LSQYX

### Investment objective

The fund seeks long-term capital appreciation.

### Portfolio management

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### Portfolio information

Total Net Assets	\$60,363,373
Total Number of Holdings	208

### Portfolio composition (% of total net assets)

Percentage of Net Asset (Long)	195.00
Percentage of Net Asset (Short)	100.00
Gross Exposure (Long + Short)	295.00
Net Exposure (Long - Short)	95.00

Gross Exposure represents the absolute exposure of the fund to long and short holdings combined. Net Exposure represents the difference between long and short holdings exposure for the fund.

### Top 5 long positions (% of total net assets)

H&R Block Inc	2.09
Ally Financial Inc	2.04
Expedia Group Inc E	2.04
CDW Corp	2.03
Xerox Corp	2.02

### Top 5 short positions (% of total net assets)

Howard Hughes Corp	-1.94
Sarepta Therapeutics Inc	-1.78
Owens Corning	-1.69
Nvidia Corp	-1.61
IPG Photonics Corp	-1.60

### 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 Federal Reserve left interest rates unchanged at its June Federal Open Market Committee meeting, but signaled a less restrictive stance, leading some investors to anticipate a future rate cut. US large and mid-cap stocks outperformed small-cap stocks and growth outperformed value for the quarter.

### Performance highlights

- The fund's Class A shares at net asset value (NAV) underperformed both its cash benchmark and the S&P 500 Index in the second quarter. (Please see the investment results table on page 2 for fund and index performance.)
- The fund's long positions rose approximately 2.1%, while the short positions rose 4.4% resulting in a negative spread.
- From a sector perspective, weakness was most pronounced in health care, financials, industrial and communications services. Net long positions and positive spreads in the information technology (IT) and consumer discretionary sectors offset some of this negative effect.
- The fund's exposure to Value was the main detractor for the quarter as initial strength in April weakened dramatically in May and did not recover by quarter end, resulting in negative performance for the full quarter.

### Contributors to performance

- Select long and short holdings within the IT sector performed as expected, specifically short holdings in the computers/electronics industry and long holdings in the communications equipment industry.
- Short holdings in the consumer discretionary sector, specifically within the automobile and components industry, had a positive effect on performance relative to the S&P 500 Index.

### Detractors from performance

- Overall, the fund's long positions failed to perform as expected and hampered relative performance.
- Long holdings in the health care sector, specifically holdings in the biotech industry, lagged their peers and were a key detractor.
- Within financials, short holdings in the diversified financials and insurance industries hampered results.
- Short holdings in the industrials sector - specifically, the capital goods industry - outperformed their peers and detracted from relative results.
- In terms of our stock selection model, our preferred measures of Gross Profit Yield, Cashflow Yield and Earnings Yield performed poorly. The least attractive stocks based on these measures had positive excess returns, while the most attractive stocks according to the model had negative excess returns.

### Positioning and outlook

- The fund seeks to achieve its objective by investing in long positions of equities that we believe are undervalued and in short positions of equities that we believe are overvalued.
- Portfolio construction is essentially unconstrained except for a 2% maximum individual holding limit and a 25% maximum industry limit at the time of rebalance to ensure a diversified portfolio.
- At quarter end, the largest net long sector exposures were in health care (+28%), IT (+20%), and consumer discretionary (+19%). During the quarter, the portfolio's beta increased to 0.71%. The fund is designed to decrease risk at its monthly rebalancings as market volatility increases.
- The targeted gross long exposure at the June rebalance was 195%, while the gross short exposure was about 100%, for a net position of 95%.

Investment results						
Average annual total returns (%) as of June 30, 2019						
Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 12/19/13	NAV	Inception: 12/19/13	NAV	Inception: 12/19/13	
	Max Load	NAV	Max CDSC	NAV	NAV	FTSE US 3-Month Treasury Bill Index
Inception	2.16	3.21	2.44	2.44	3.46	-
5 Years	-0.63	0.51	-0.24	-0.24	0.75	0.84
3 Years	0.19	2.11	1.33	1.33	2.32	1.36
1 Year	-19.61	-14.94	-16.37	-15.61	-14.74	2.30
Quarter	-6.40	-0.90	-2.04	-1.05	-0.89	0.61

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.

Expense ratios	% net	% total
Class A Shares	1.57	1.58
Class C Shares	2.32	2.33
Class Y Shares	1.32	1.33

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2020. See current prospectus for more information.

Sector	Equity sector breakdown		% of total net assets
	Long weight (%)	Short weight (%)	
Communication Services	10.49	-9.91	
Consumer Discretionary	32.62	-13.42	
Consumer Staples	10.03	-4.72	
Energy	8.40	-7.77	
Financials	26.11	-12.13	
Health Care	38.48	-9.59	
Industrials	18.11	-19.06	
Information Technology	33.22	-13.18	
Materials	6.99	-4.57	
Real Estate	9.41	-10.37	
Utilities	1.87	0.00	

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Class Y shares are available only to certain investors. See the prospectus for more information.

The fund's equity exposures may be achieved through direct investment or through derivatives including, but not limited to, equity-related futures contracts and swap agreements, such as total return swaps. See current 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 FTSE US 3-Month Treasury Bill Index is an unmanaged index representative of three-month US Treasury bills. 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.

Beta (cash adjusted) is a measure of relative risk and the slope of regression.

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**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.

Short sales may cause an investor to repurchase a security at a higher price, causing a loss. As there is no limit on how much the price of the security can

increase, exposure to potential loss is unlimited.

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.