

Invesco EQV European Equity Fund

Q1 2025

Key takeaways

1 The fund underperformed its benchmark
Class A shares underperformed the MSCI Europe Index for the quarter. In a market environment where value stocks led and small-cap stocks underperformed, the fund's all-cap, conservative growth strategy faced headwinds.

2 Bottom-up stock selection focused on EQV (Earnings, Quality, Valuation) characteristics
During the quarter, we initiated four new positions and exited three stocks based on our EQV fundamentals. Our actively managed, bottom-up stock selection drives the fund's sector and country allocations.

3 We remain focused on a long-term investment horizon
Regardless of the macroeconomic environment, we remain focused on applying our well-established, long-term, bottom-up EQV investment process that seeks to identify attractively valued, high quality growth companies.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	403.19
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Portfolio managers

Borge Endresen, Mark McDonnell, Richard Nield

Manager perspective and outlook

- The first quarter of 2025 was marked by volatility and shifts in market leadership. Developed markets in Europe outperformed US equities. German equities had robust gains, driven by increased deficit spending aimed at supporting economic growth and defense. Despite ongoing political issues, French equities also posted positive double-digit returns in US dollar terms. UK equities posted positive returns as well, aided by the fact that many UK companies reported robust earnings, boosting investor confidence. Conversely, US equities declined, affected by apparent uncertainty about US trade policy and the rise of Chinese artificial intelligence (AI) company DeepSeek, which put downward pressure on US technology and consumer discretionary sectors. In this market environment, commodities, especially gold, had robust returns. Value stocks outperformed, while small-cap stocks lagged.
- Our team remains focused on applying our long-term, bottom-up EQV investment process that seeks to identify attractively valued, high quality growth companies. We expect geopolitical and macro concerns to remain elevated, which has historically favored our traditional fundamental approach. We remain optimistic that our conservative quality growth style is well-positioned for the current environment.



Top issuers

(% of total net assets)

	Fund	Index
Investor AB	3.68	0.45
Deutsche Boerse AG	3.61	0.49
RELX PLC	3.38	0.82
Roche Holding AG	2.74	2.13
IG Group Holdings PLC	2.63	0.00
Shell PLC	2.57	1.96
LVMH Moët Hennessy Louis Vuitton SE	2.29	1.50
ASML Holding NV	2.28	2.27
Publicis Groupe SA	2.26	0.19
Air Liquide SA	2.24	0.97

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

During the quarter, we initiated positions in the following stocks:

AstraZeneca is a UK-based multinational pharmaceutical and biotech company focused on discovery and development of innovative medicines in areas including cardiovascular, oncology and respiratory. The company faced temporary setbacks due to employee investigations in China and issues with its oncology drug. Despite these challenges, we believe AstraZeneca's strong product pipeline and undervalued shares present a promising investment opportunity.

Barclays is a UK-based multinational bank with retail and commercial banking in the UK, a global investment bank and a specialist US consumer bank. We have seen improving visibility for earnings and quality after a challenging period. The company has been taking action to simplify the organization, cut costs, improve accountability and enhance capital allocation. We believe Barclays is attractively valued.

BNP Paribas is a France-based multinational bank with operations in retail and investment banking, asset management and insurance. Due to its lower sensitivity to rising interest rates and French political pressures, BNP has underperformed in a strong sector. However, we see it as an interesting prospect if rates stay higher for longer and European economic activity picks up. We believe BNP is attractively valued, with an outlook for improving returns.

Legrand is a France-based global specialist in electrical and digital building infrastructures. The company has underperformed due to weak European construction markets and France's political uncertainty. However, we believe that will change, and we expect good results from Legrand's faster-growing segments and a cyclical recovery in core infrastructure products.

We sold the following positions:

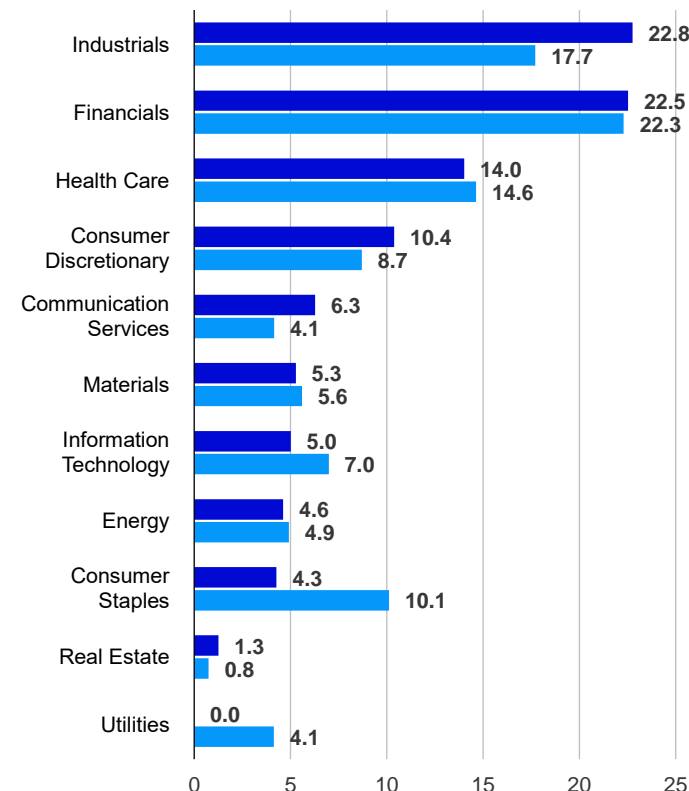
Coloplast is a Danish health care company that we sold due to deteriorating earnings and quality trends. The stock's valuation has continued to trade at a premium relative to its sector, so we sold it to make way for better EQV ideas.

Rentokil Initial is a British pest-control company that we exited due to questions about cost and timing for a turnaround of poor performance in its North American business.

Aalberts is a Dutch manufacturing company that has done an admirable job restructuring its internal manufacturing base and cost optimization. However, without the catalyst of this self-help going forward, we decided to sell in favor of other industrial ideas that, in our view, offer better growth profiles and valuation.

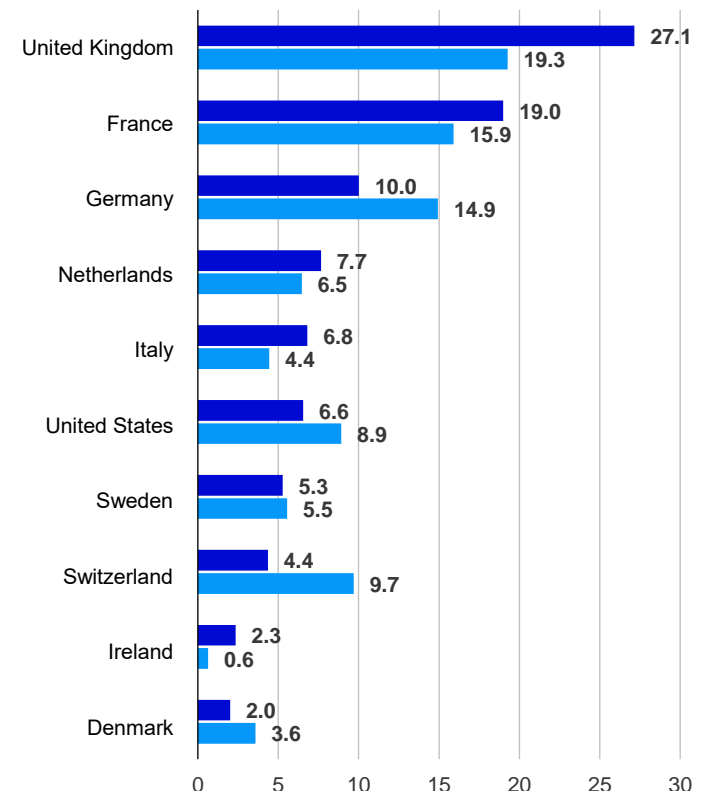
Sector breakdown (% of total net assets)

Fund MSCI Europe Index (USD)



Top countries (% of total net assets)

Fund MSCI Europe Index (USD)



Top contributors (%)

Issuer	Return	Contrib. to return
Deutsche Borse AG	27.57	0.76
flatexDEGIRO AG	49.61	0.70
BAE Systems plc	39.37	0.64
Roche Holding AG	20.32	0.46
Shell plc	18.80	0.40

Top detractors (%)

Issuer	Return	Contrib. to return
Teva Pharmaceutical Industries Limited	-30.19	-0.52
Novo Nordisk A/S	-20.14	-0.52
ICON plc	-16.56	-0.34
Publicis Groupe SA	-12.15	-0.31
Amplifon SpA	-21.61	-0.24

Performance highlights

The fund's consumer discretionary and consumer staples holdings outperformed those of the benchmark sectors and were the largest contributors to relative performance. Geographically, stock selection in Germany, Switzerland and Sweden were notable contributors to relative return.

Conversely, the largest detractors from relative return were stock selection in health care, industrials, financials and communication services. An underweight in financials hampered relative return as well. Geographically, fund holdings in France and the UK underperformed those of the benchmark index and were among the largest detractors from relative return. Exposure in Israel, a country not represented in the benchmark, also detracted from relative results.

Contributors to performance

Below are the largest contributors to absolute return for the quarter:

Deutsche Boerse is a German stock exchange operator that benefited from increased trading volumes and strong financial results.

flatexDEGIRO is a leading pan-European discount broker. The stock performed well due to customer growth, increased assets under custody, and higher transaction volumes.

BAE Systems is a UK-based aerospace, defense and information security company that has benefited from rising global defense spending, given increasing NATO budgets.

The company's record backlog provides in our view good visibility for earnings and cash flow growth.

Detractors from performance

Below are the largest detractors from absolute return for the quarter:

Teva Pharmaceutical is a leading generics and pharmaceuticals company. The stock declined after a disappointing earnings update regarding profitability, which was affected by higher costs. Our thesis of improving earnings and quality as Teva's management focuses on building out its innovative pharma portfolio remains intact. Valuation relative to earnings potential remains attractive, in our view.

Novo Nordisk is a Danish pharmaceuticals company. The stock fell after a couple of rare disappointments in its product development pipeline and weaker-than-expected prescription trends for its leading obesity drug, which has been under supply constraints. We trimmed the fund's position to manage exposure.

ICON is a multinational clinical research organization. Weaker spending by large pharmaceutical firms and a challenging outlook for biotech funding have affected ICON's short-term growth and earnings prospects, negatively affecting the stock. While demand has remained a bit challenged, the recent earnings update showed some signs of improvement in ICON's environment, while its lower valuation appears to reflect a lot of the transitory headwinds that Icon and its industry have been facing.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/03/97	NAV	4.93	4.93	-0.66	5.08	8.79	3.50	8.12
	Max. Load 5.5%	-0.84	-0.84	-6.12	3.12	7.56	2.91	7.90
Class R6 shares inception: 04/04/17	NAV	5.01	5.01	-0.28	5.48	9.19	3.81	-
Class Y shares inception: 10/03/08	NAV	5.00	5.00	-0.41	5.34	9.05	3.76	5.74
MSCI Europe Index (USD)		10.48	10.48	6.87	7.33	13.15	5.67	-
Total return ranking vs. Morningstar Europe Stock category (Class A shares at NAV)		-	-	95% (73 of 82)	74% (63 of 82)	95% (77 of 81)	99% (55 of 57)	-

Expense ratios per the current prospectus: Class A: Net: 1.41%, Total: 1.41%; Class R6: Net: 1.03%, Total: 1.03%; Class Y: Net: 1.16%, Total: 1.16%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	4.57	-2.75	26.90	-18.84	24.50	-0.08	14.15	-21.70	19.66	-0.75
Class R6 shares at NAV	4.57	-2.75	27.25	-18.50	24.91	0.32	14.57	-21.41	20.12	-0.35
Class Y shares at NAV	4.82	-2.49	27.19	-18.61	24.81	0.17	14.47	-21.54	19.96	-0.50
MSCI Europe Index (USD)	-2.84	-0.40	25.51	-14.86	23.77	5.38	16.30	-15.06	19.89	1.79

Portfolio characteristics*

	Fund	Index
No. of holdings	60	399
Top 10 issuers (% of AUM)	27.69	20.19
Wtd. avg. mkt. cap (\$M)	78,405	104,072
Price/earnings	16.47	15.45
Price to book	2.71	2.15
Est. 3 – 5 year EPS growth (%)	9.58	9.88
ROE (%)	17.96	16.42
Long-term debt to capital (%)	31.47	35.25
Operating margin (%)	19.02	18.91

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-3.73	0.00
Beta	1.00	1.00
Sharpe ratio	0.34	0.59
Information ratio	-0.88	0.00
Standard dev. (%)	18.33	17.71
Tracking error (%)	4.98	0.00
Up capture (%)	93.31	100.00
Down capture (%)	108.33	100.00
Max. drawdown (%)	36.77	28.83

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.13	-1.00	-0.87
Consumer Discretionary	-0.14	0.72	0.57
Consumer Staples	0.05	0.20	0.25
Energy	-0.01	0.08	0.07
Financials	-0.18	-1.11	-1.29
Health Care	0.00	-1.91	-1.91
Industrials	0.15	-2.01	-1.86
Information Technology	0.24	-0.60	-0.36
Materials	0.03	0.10	0.13
Real Estate	-0.04	-0.08	-0.13
Utilities	-0.16	0.00	-0.16
Cash	-0.25	0.00	-0.25
Total	-0.20	-5.62	-5.82

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.**

Region performance analysis (%)

Region	Allocation effect	Selection effect	Total effect
Developed	0.00	-5.56	-5.56
Africa/Mideast	-0.75	0.00	-0.75
Asia/Pacific Ex Japan	0.07	0.00	0.07
Europe	0.01	-4.21	-4.20
North America	0.40	-1.09	-0.69
Emerging	-0.23	0.23	0.00
Europe	-0.70	0.69	0.00
Latin America	0.00	0.00	0.00
Cash	-0.25	0.00	-0.25
Total	-0.48	-5.33	-5.82

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Germany	0.76	8.38	29.51
Switzerland	0.21	4.22	14.92
Sweden	0.14	5.34	15.27
Australia	0.12	0.00	0.00
Poland	0.10	0.80	22.95

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
France	-2.46	19.20	-2.14
United Kingdom	-1.77	28.06	3.91
Israel	-0.75	1.34	-30.19
United States	-0.69	6.84	2.83
Spain	-0.40	0.78	21.34

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to MSCI Europe Index (USD).

• On February 28, 2022, Invesco European Growth Fund was renamed Invesco EQV European Equity Fund. Please see prospectus for more information.

The MSCI Europe Index is an unmanaged index considered representative of European stocks. An investment cannot be made directly in an index.

About Risk

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

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. Developing markets may especially be volatile.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified investments.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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.

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](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.