Invesco American Franchise Fund

Q2 2026

Key takeaways

1. **Market leadership broadened**
Technology led the quarter's equity rebound, while gains expanded into industrials, health care and financials. Energy lagged as oil prices retreated from April highs.

2. **The fund outperformed its benchmark and peers**
Strong stock selection in technology, health care and financials drove the fund's outperformance.

3. **We believe active management remains important in this environment**
We expect earnings outcomes to diverge across companies, underscoring the value of active, fundamentals driven stock selection in capturing long term growth opportunities.

Investment objective
The fund seeks long-term capital appreciation.

Fund facts

Fund AUM ($M)	18,478.44

Portfolio managers
Ido Cohen, Ronald Zibelli, Asutosh Shah

Manager perspective and outlook

- US equities rebounded in the second quarter, a period marked by intermittent volatility due to shifting monetary policy expectations, geopolitics and mixed economic data.
- Equity gains were led by growth-oriented sectors such as technology. However, market participation broadened compared to the first quarter, with industrials, health care and financials also posting gains. Energy stocks had a double-digit decline as oil prices retreated from April highs.
- The AI infrastructure buildout has continued to expand, creating a broader foundation for monetization across the global economy. Supply chain bottlenecks have emerged, with more likely to be identified over the next few years, driving incremental investment.
- Geopolitical conditions have remained fluid as the US and Iran have negotiated to end direct conflict and the blockade. Reopened energy flows have helped ease oil prices, but enforcement risk and potential for renewed disruption may cause further volatility.
- Monetary policy has remained key, with the US Federal Reserve holding rates steady as inflation concerns have delayed potential cuts.
- Against this backdrop, we believe earnings dispersion should remain elevated, creating opportunities for active management and fundamentals-driven stock selection.
- We believe the AI cycle remains in its early stages, with opportunities emerging among companies positioned to translate AI leadership into sustained growth and profits.

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

Top issuers

(% of total market value)

	Fund	Index
NVIDIA Corp	10.09	13.85
Alphabet Inc	7.34	11.16
Amazon.com Inc	5.73	0.57
Lam Research Corp	5.39	1.61
Apple Inc	5.11	6.72
Advanced Micro Devices Inc	3.46	2.80
Western Digital Corp	3.40	0.64
Taiwan Semiconductor Manufacturing Co Ltd	3.30	0.00
Applied Materials Inc	3.24	1.70
Microsoft Corp	2.94	4.11

As of 06/30/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

At quarter end, the fund's largest overweights were in industrials, energy and materials. Within industrials and energy, AI related energy demand has driven spending on electrical infrastructure, energy efficiency and power generation. Industrials exposure also includes companies that have been benefiting from rising global defense spending. Within materials, we favor copper miners, given the resource intensity of AI infrastructure, power delivery and data center construction.

The largest underweight was communication services, reflecting a rotation away from digital media companies amid signs of weaker results ahead and uncertain competitive pressures due to AI growth. The fund is underweight in information technology (IT) due to underweights in Apple and Microsoft compared to their large weights within the index. Health care is underweight given the loss of Affordable Care Act subsidies and likelihood of reduced insurance coverage going forward.

New Positions

Lam Research, Applied Materials and **ASML:** We broadened the fund's AI exposure by adding equipment companies that supply specialty tools used to manufacture semiconductors.

Western Digital and **SanDisk:** We also added to an area of the AI ecosphere where we see supply bottlenecks – memory. SanDisk manufactures NAND flash memory while Western Digital provides diversified memory and storage products.

Space Exploration Technologies: The fund participated in the SpaceX initial public offering during the quarter. We believe growing demand for satellite connectivity and launch services supports a long runway for growth in the space economy.

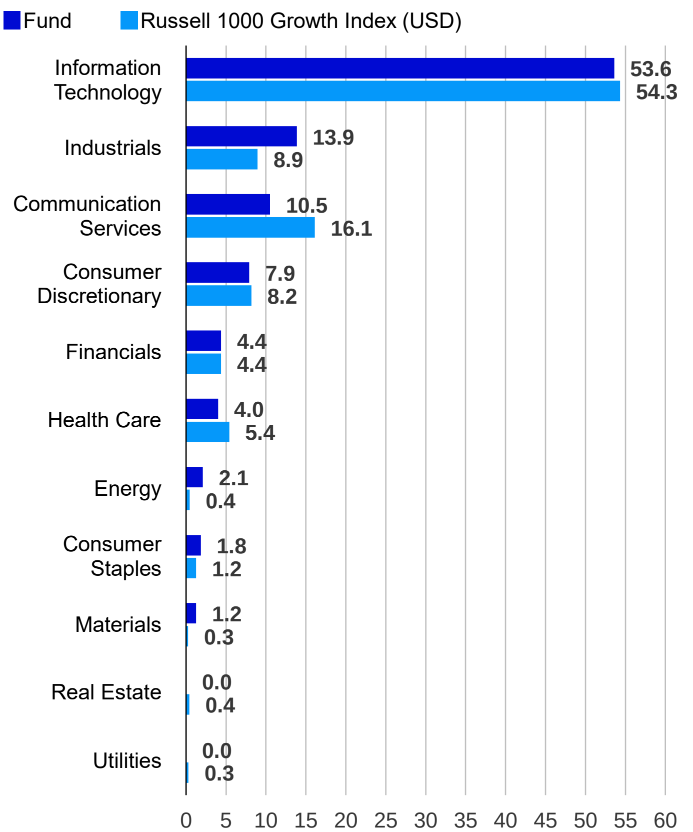
Notable Sales

Netflix and **Spotify:** We reduced exposure to streaming media as industry trends appear less favorable and emerging AI technologies seem to introduce uncertainty about future subscriber growth and earnings expectations.

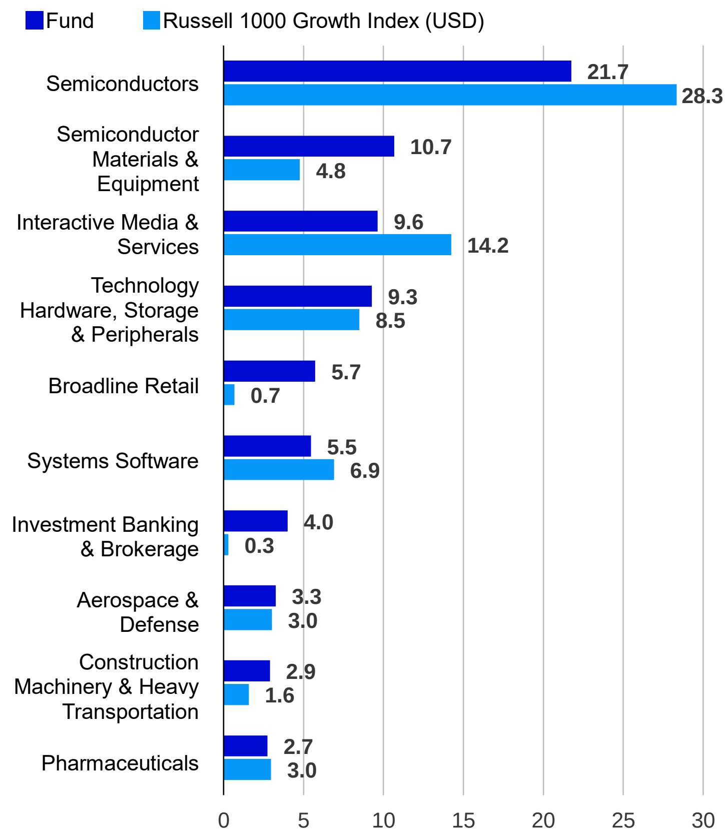
ServiceNow: The company helps organizations automate workflows and manage service requests. Despite strong recent revenue, management's forward guidance was more subdued than expected. We believe AI-driven productivity tools are beginning to reshape software spending patterns, potentially weighing on ServiceNow's future demand.

Intuitive Surgical: Fundamentally, we see promise in this leading provider of robotic-assisted surgical systems. However, despite strong quarterly results in which revenue and profits beat expectations, the stock has continued to struggle as medical technology in general has been one of the market's weakest areas.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Lam Research Corporation	102.95	3.05
NVIDIA Corporation	14.86	2.14
Alphabet Inc.	24.35	1.65
Taiwan Semiconductor Manufacturing Company Limited	41.57	1.25
Applied Materials, Inc.	65.80	1.23

Top detractors (%)

Issuer	Return	Contrib. to return
Netflix, Inc.	-24.20	-0.38
Snowflake Inc.	-27.05	-0.25
Suncor Energy Inc.	-18.27	-0.21
BAE Systems plc	-14.71	-0.14
Carvana Co.	-15.08	-0.14

Performance highlights

The fund delivered a strong positive return and outperformed its benchmark. Stock selection in IT was the main driver, with health care and financials also contributing. Detractors included stock selection in the consumer discretionary and communication services sectors, an overweight in energy, an underweight in IT and a small cash position.

Contributors to performance

Lam Research manufactures equipment used to produce advanced semiconductors. Shares benefited from apparent enthusiasm around AI-driven chip demand, particularly increasing spending on memory and leading-edge semiconductor manufacturing.

NVIDIA designs the graphics processors powering AI. The stock advanced as demand for AI infrastructure remained strong, supported by continued growth in data center spending and AI adoption.

Alphabet, the parent company of Google, YouTube and Google Cloud, rose amid strong cloud growth, improving AI monetization opportunities and apparent investor confidence that AI investments can support long-term earnings growth.

Taiwan Semiconductor Manufacturing is the world's largest contract chip manufacturer, producing advanced semiconductors. Shares outperformed as AI-related demand drove expectations for higher production volumes and sustained capital investment.

Applied Materials supplies equipment and services used in semiconductor manufacturing. Shares benefited from record results and seemingly rising expectations for AI-driven spending across memory, logic and advanced packaging markets.

Detractors from performance

Netflix, a global streaming platform, lagged as investors appeared to rotate toward AI-related companies and expectations appeared to remain high following management's efforts to boost subscribership. We sold the stock.

Snowflake is a cloud-based data analytics and AI platform. Despite solid business growth, shares underperformed amid concerns about valuation levels and timing of returns from ongoing AI initiatives.

Suncor Energy, an integrated energy company with oil sands production in Canada, struggled as energy prices fell following some easing of the US/Iran conflict.

BAE Systems, a defense contractor, underperformed after a period of strong gains for defense shares as investors appeared to shift attention toward higher growth technology opportunities.

Carvana, an online platform for buying and selling used vehicles, saw pressure on its share price due to valuation concerns and profit-taking following prior gains, despite the company's continued progress in operational execution and profitability.

Standardized performance (%) as of June 30, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/23/05	NAV	21.84	10.02	16.05	21.79	9.91	16.30	11.57
	Max. Load 5.5%	15.12	3.96	9.66	19.52	8.67	15.65	11.27
Class R6 shares inception: 09/24/12	NAV	21.91	10.19	16.43	22.19	10.27	16.72	15.30
Class Y shares inception: 06/23/05	NAV	21.89	10.17	16.36	22.11	10.18	16.59	11.84
Russell 1000 Growth Index (USD)		16.74	5.33	17.71	22.58	13.71	18.58	-
Total return ranking vs. Morningstar Large Growth category (Class A shares at NAV)		-	-	55% (517 of 1062)	47% (410 of 981)	61% (519 of 931)	51% (363 of 756)	-

Expense ratios per the current prospectus: Class A: Net: 0.93%, Total: 0.93%; Class R6: Net: 0.61%, Total: 0.61%; Class Y: Net: 0.68%, Total: 0.68%.

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. Index source: RIMES Technologies Corp. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. 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	2.01	27.10	-3.78	36.52	42.18	11.85	-31.14	40.91	34.73	11.56
Class R6 shares at NAV	2.51	27.60	-3.43	37.10	42.69	12.22	-30.89	41.36	35.19	11.93
Class Y shares at NAV	2.34	27.37	-3.50	36.79	42.56	12.15	-30.99	41.27	35.06	11.85
Russell 1000 Growth Index (USD)	7.08	30.21	-1.51	36.39	38.49	27.60	-29.14	42.68	33.36	18.56

Portfolio characteristics*

	Fund	Index
No. of holdings	46	368
Top 10 issuers (% of AUM)	50.03	54.41
Wtd. avg. mkt. cap ($M)	1,654,390	1,974,224
Price/earnings	38.67	35.65
Price to book	12.45	14.92
Est. 3 – 5 year EPS growth (%)	28.76	27.69
ROE (%)	39.52	43.62
Long-term debt to capital (%)	28.40	30.36
Operating margin (%)	28.29	31.82

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-3.22	0.00
Beta	1.00	1.00
Sharpe ratio	0.32	0.53
Information ratio	-0.75	0.00
Standard dev. (%)	19.92	19.31
Tracking error (%)	5.05	0.00
Up capture (%)	84.51	100.00
Down capture (%)	101.69	100.00
Max. drawdown (%)	35.12	30.66

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.05	-0.16	-0.21
Consumer Discretionary	0.17	-0.28	-0.11
Consumer Staples	0.07	0.19	0.25
Energy	-0.39	-0.15	-0.55
Financials	0.01	0.45	0.46
Health Care	-0.32	0.47	0.15
Industrials	0.29	0.03	0.32
Information Technology	-0.39	5.97	5.59
Materials	-0.02	-0.11	-0.13
Real Estate	0.03	-0.04	-0.01
Utilities	0.04	0.00	0.04
Cash	-0.42	0.00	-0.42
Total	**-0.97**	**6.35**	**5.38**

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 06/30/26. Unless stated otherwise, Index refers to Russell 1000 Growth Index (USD).

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

The Russell 1000® Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 Growth 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.

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 considered non-diversified and may experience greater volatility than a more diversified investment.

Investments concentrated in a comparatively narrow segment of the economy may be more volatile than non-concentrated investments.

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

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

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.