Invesco

QUARTERLY REVIEW

A: VAFAX | R6: VAFFX | Y: VAFIX

Invesco American Franchise Fund

Q3 2026

Key takeaways

1. **The AI investment cycle has remained intact**

   A summer correction in artificial intelligence-related (AI) equities seemed to stem more from project timing and regulatory processes than weaker demand, reinforcing our confidence in the long-term opportunity.

2. **Agentic AI has in our view become a powerful growth driver**

   Enterprise adoption of autonomous or semi-autonomous AI systems known as agentic AI has been expanding, which supports demand for computing, networking and data infrastructure.

3. **We believe active management remains important in this environment**

   We expect earnings outcomes to diverge sharply 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)	17,838.72

Portfolio managers

Ido Cohen, Ronald Zibelli, Asutosh Shah

Manager perspective and outlook

- US equity markets posted gains in the third quarter. However, returns varied across market segments as investors appeared to weigh resilient economic activity against persistent inflation, higher interest rates and geopolitical uncertainty.
- The summer correction in AI-related equities seemed to be more tied to project timing and regulatory processes than weaker demand.
- AI has become in our view an increasingly important driver of innovation, productivity and capital spending, creating opportunities as companies integrate the technology across products and operations.
- We believe broadening enterprise adoption of AI should also sustain investment in infrastructure. As deployment scales up, leading growth companies may benefit from demand for computing, software and services.
- Autonomous vehicles, robotics and physical AI also in our view offer long-term opportunities for companies that have the scale, research capabilities and capital to deploy them.
- Against this backdrop, we believe earnings dispersion should remain elevated, creating opportunities for active management and fundamentals-driven stock selection.
- We continue to believe AI investment is supported by the scale of the opportunity. The emergence of agentic AI reinforces our conviction that we remain in the early stages of a multi-year innovation cycle with the potential to drive meaningful productivity gains and long-term growth.

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

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
NVIDIA Corp	11.93	15.67
Microsoft Corp	6.29	5.60
Amazon.com Inc	6.21	0.59
Alphabet Inc	6.17	10.66
Advanced Micro Devices Inc	4.61	2.93
Apple Inc	4.25	7.67
Meta Platforms Inc	3.60	3.84
Lam Research Corp	3.39	1.21
Taiwan Semiconductor Manufacturing Co Ltd	3.27	0.00
Eli Lilly & Co	2.98	2.72

As of 09/30/26. 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, we have continued to see strong investment tied to AI infrastructure, power generation and electrical equipment, as demand for data center capacity has remained robust. The fund's industrials exposure also includes companies that have been benefiting from increased global defense spending and transportation infrastructure investment. Within materials, we favor construction aggregates such as crushed stone, given growing demand from AI infrastructure projects.

The largest underweight was communication services, reflecting our selectivity among digital media and internet companies as AI-driven competition and changing consumer behavior have in our observation created a wider range of outcomes across the sector. The fund is underweight information technology (IT) primarily due to substantial underweights in Apple and Microsoft relative to their large benchmark weights. Health care remains underweight because we still find more attractive growth opportunities elsewhere in the market, despite improving fundamentals in select areas of the sector.

New Positions

Arista Networks: Autonomous or agentic AI workloads generate more communication between systems so data movement likely becomes more important. Arista is an important supplier for Meta Platforms (also a fund holding) and should in our view benefit from rising network intensity.

Marvell Technology: We initiated a position based on strong networking demand trends and favorable industry checks. While custom AI chip momentum provides support, we believe the larger opportunity stems from Marvell Technology's networking franchise given growing AI infrastructure needs.

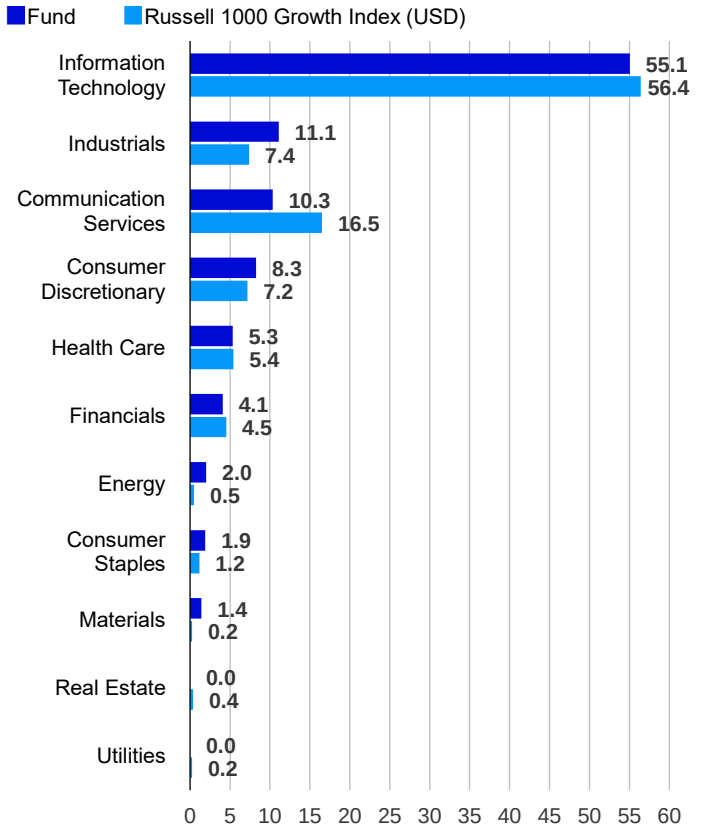
Dell: Companies have begun to deploy AI internally to a greater extent, though adoption has remained in the early stages. As companies build custom AI agents, Dell has seen strong demand for AI-optimized servers and AI-ready storage.

Notable Sales

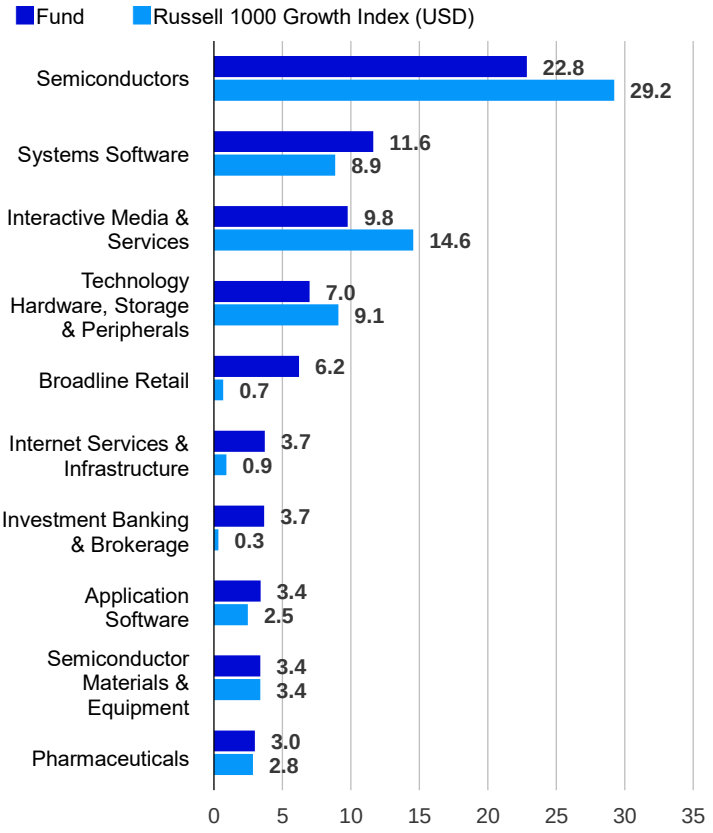
Broadcom: Broadcom's hybrid software and application-specific integrated circuit (ASIC) mix faced uncertainty amid the market's rotation toward physical AI infrastructure stocks and seemingly cautious sentiment toward overall software sector fundamentals. We sold the position due to valuation concerns.

AppLovin: We sold AppLovin because advertiser account growth failed to accelerate, eCommerce adoption trends have been disappointing and long-term growth assumptions have weakened.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
NVIDIA Corporation	14.27	1.48
Microsoft Corporation	37.76	1.36
Apple Inc.	15.19	0.64
Cloudflare, Inc.	41.59	0.62
CrowdStrike Holdings, Inc.	38.77	0.53

Top detractors (%)

Issuer	Return	Contrib. to return
Lam Research Corporation	-24.11	-1.53
Applied Materials, Inc.	-38.82	-1.30
Western Digital Corporation	-29.46	-1.02
Vertiv Holdings Co	-27.91	-0.77
Caterpillar Inc.	-23.72	-0.74

Performance highlights

The fund had a negative return and underperformed its benchmark during the quarter. Stock selection in IT was the main detractor, though an overweight in industrials and stock selection in financials also detracted. Contributors to relative return included stock selection in consumer discretionary, industrials and materials, as well as an overweight in energy.

Contributors to performance

NVIDIA's shares benefited from continued demand for AI infrastructure as data center hyperscalers and enterprises increased spending on next-generation data centers and AI computing capacity.

Microsoft's shares advanced on strong Azure cloud growth, accelerating adoption of AI products and apparently increasing confidence that AI investments can support durable revenue and earnings growth.

Apple outperformed as investors appeared more optimistic about the company's AI strategy, resilient consumer demand and its ability to further monetize its installed base through services and software. Apple also entered the foldable smartphone market with the iPhone Duo.

Cloudflare operates a global cloud platform that delivers networking, security and application services over the internet. Shares benefited from strong demand for cybersecurity and application delivery solutions, as well as seemingly growing enthusiasm for the company's position in AI-related internet infrastructure.

CrowdStrike provides cloud-native cybersecurity software that helps organizations protect endpoints, identities and workloads. Shares rose on continued demand for cybersecurity solutions, improving platform adoption and apparent confidence that security spending will remain a priority despite broader economic uncertainty.

Detractors from performance

Lam Research manufactures equipment used to produce advanced semiconductors. Shares lagged as investors took profits following strong gains and seemed to reassess the pace of future AI infrastructure spending amid broader volatility across semiconductor and AI-related stocks.

Applied Materials and **Western Digital** declined along with overall weakness in AI-related stocks over the summer. We sold both stocks during the quarter and redeployed capital toward software and AI beneficiaries where risk/reward appeared more compelling to us.

Vertiv provides power, cooling and infrastructure solutions for data centers. Shares declined amid apparent concern about project timing, supply-chain constraints and acquisition integration risks.

Caterpillar manufactures construction, mining and energy equipment. Shares underperformed as higher interest rate expectations seemed to raise concerns about demand for construction and resource projects, which are typically sensitive to financing costs and economic growth.

Standardized performance (%) as of September 30, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/23/05	NAV	-1.52	8.34	5.14	23.00	10.15	15.24	11.35
	Max. Load 5.5%	-6.93	2.38	-0.63	20.70	8.91	14.59	11.05
Class R6 shares inception: 09/24/12	NAV	-1.41	8.64	5.52	23.42	10.53	15.66	14.89
Class Y shares inception: 06/23/05	NAV	-1.44	8.58	5.41	23.31	10.44	15.53	11.62
Russell 1000 Growth Index (USD)		0.92	6.30	7.50	24.26	13.66	18.16	-
Total return ranking vs. Morningstar Large Growth category (Class A shares at NAV)		-	-	79% (797 of 1057)	55% (487 of 974)	60% (512 of 923)	63% (468 of 755)	-

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. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. 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	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	47	371
Top 10 issuers (% of AUM)	52.71	57.76
Wtd. avg. mkt. cap ($M)	1,881,263	2,298,080
Price/earnings	32.49	29.51
Price to book	10.48	13.32
Est. 3 – 5 year EPS growth (%)	31.19	30.47
ROE (%)	36.11	46.32
Long-term debt to capital (%)	26.29	29.30
Operating margin (%)	27.19	32.98

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-3.02	0.00
Beta	1.00	1.00
Sharpe ratio	0.32	0.51
Information ratio	-0.72	0.00
Standard dev. (%)	19.96	19.24
Tracking error (%)	4.89	0.00
Up capture (%)	87.74	100.00
Down capture (%)	102.54	100.00
Max. drawdown (%)	35.12	30.66

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.02	-0.10	-0.12
Consumer Discretionary	-0.09	1.02	0.93
Consumer Staples	-0.05	0.11	0.06
Energy	0.22	-0.18	0.04
Financials	0.06	-0.48	-0.41
Health Care	-0.07	-0.10	-0.17
Industrials	-0.90	0.21	-0.69
Information Technology	-0.07	-1.87	-1.93
Materials	-0.01	0.14	0.13
Real Estate	0.02	0.00	0.02
Utilities	0.06	0.00	0.06
Cash	-0.08	0.00	-0.08
Total	**-0.92**	**-1.24**	**-2.16**

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 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

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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.