



Invesco American Franchise Fund

Quarterly Performance Commentary

Nasdaq: A: VAFAX C: VAFCX Y: VAFIX

Investment objective

The fund seeks long-term capital appreciation.

Portfolio management

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Portfolio information

Total Net Assets	\$10,921,570,494
Total Number of Holdings	77

Top holdings

% of total net assets

Amazon	8.98
Alphabet 'A'	5.36
Facebook 'A'	5.34
Microsoft	4.60
Visa	4.00
Lowe's	3.26
Salesforce.com	2.78
Alibaba	2.76
Nintendo	2.68
MasterCard 'A'	2.43

Top contributors

% of total net assets

1. Facebook	5.34
2. Nintendo	2.68
3. Microsoft	4.60
4. Amazon.com	8.98
5. Visa	4.00

Top detractors

% of total net assets

1. Alphabet	5.63
2. Alibaba	2.76
3. Palo Alto Networks	1.27
4. Philip Morris International	1.78
5. Lowe's	3.26

Market overview

- Though the S&P 500 Index posted a modest gain for the second quarter, volatility increased with a selloff in US stocks during May.
- Bond yields and oil prices also fell in May as investors weighed the impact of the ongoing US/China trade war and potential for new tariffs on Mexican imports.
- 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.

Performance highlights

- The fund's Class A shares at net asset value (NAV) posted a gain for the quarter and outperformed the Russell 1000 Growth Index. (Please see the investment results table on page 2 for fund and index performance.)
- Relative to the index, the primary drivers of outperformance were stock selection in the health care, industrials and communication services sectors.
- In contrast, stock selection in the consumer discretionary and consumer staples sectors were key detractors. A combination of stock selection and an underweight in the strong performing information technology (IT) sector also detracted.

Contributors to performance

- **Facebook** reported robust quarterly results with slightly improved revenue and user growth, but much better earnings given improved cost control. The company also raised its earnings guidance for the full year.
- **Nintendo** stock rose after its Switch product was approved for distribution in parts of China. **Nintendo's** solid showing at the important E3 event highlighted continued momentum for its content creation, including the surprise reveal of the next Legend of Zelda title.
- **Visa** implemented price increases across almost all products this quarter and reported very positive earnings results despite slowing cross-border volumes.

Detractors from performance

- Despite favorable earnings results, **Alibaba** experienced weak stock performance due to rising US/China trade tensions.
- Security platform **Palo Alto Network** suffered due to reductions in future cash flow expectations as a result of the company shortening its billing terms. In our view, a shorter contract period should deliver greater returns over time from the implicit price increases as contracts renew.
- **Lowe's** has been implementing significant changes and upgrades as a result of a new management team. In the midst of the changes, the company was caught off guard by the rate of product cost increases and profits suffered. We believe this to be a transitory issue.

Positioning and outlook

- Our view is that the growth environment is slowing as the benefits of US tax stimulus and deregulation are being 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.
- We believe that change is the fuel for growth. Thus, we are seeking to identify "share-takers," companies that can gain market share from technology-enabled advantages in their business models and from disruptive shifts in consumer behavior.
- 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

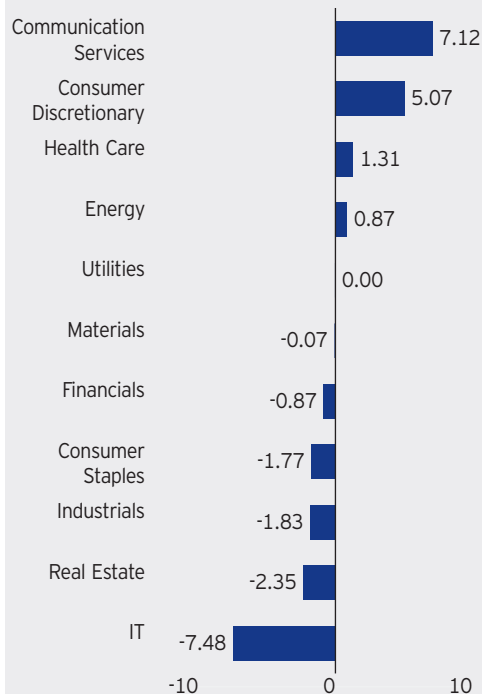
Average annual total returns (%) as of June 30, 2019

Period	Class A Shares Inception: 06/23/05		Class C Shares Inception: 06/23/05		Class Y Shares Inception: 06/23/05	Style-Specific Index	Russell 1000 Growth Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV		
Inception	8.95	9.39	8.82	8.82	9.64	-	-
10 Years	14.26	14.92	14.09	14.09	15.18	16.28	16.28
5 Years	9.51	10.76	9.94	9.94	11.03	13.39	13.39
3 Years	14.63	16.81	15.94	15.94	17.10	18.07	18.07
1 Year	1.29	7.17	5.44	6.40	7.44	11.56	11.56
Quarter	-0.80	4.96	3.77	4.77	5.03	4.64	4.64

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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.

The fund's positioning versus the Russell 1000 Growth Index (% underweight/overweight)



Asset mix (%)

Dom Common Stock	89.10
Intl Common Stock	10.81
Cash	0.05
Other	0.04

Expense ratios

	% net	% total
Class A Shares	1.01	1.01
Class C Shares	1.76	1.76
Class Y Shares	0.76	0.76

Per the current prospectus

For more information you can visit us at www.invesco.com/us

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

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

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 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.

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.

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.

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.

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.