

Invesco Small Cap Equity Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2019



Investment objective

The fund seeks long-term growth of capital.

Portfolio management

Juan R. Hartsfield, Davis Paddock

Fund facts

Nasdaq	A: SMEAX	C: SMECX Y: SMEYX
Total Net Assets	\$922,565,353	
Total Number of Holdings	91	

Top holdings

	% of total net assets
Hanover Insurance	1.67
Iridium Communications	1.66
Avalara	1.60
Trex	1.59
SPX	1.58
Argo International	1.51
Brooks Automation	1.49
Lantheus	1.46
CyrusOne	1.45
ServiceMaster Global	1.44

Top contributors

	% of total net assets
1. CyrusOne	1.45
2. SPX	1.58
3. Trex	1.59
4. Visteon	1.03
5. Cambrex	1.22

Top detractors

	% of total net assets
1. ICU Medical	0.71
2. Wright Medical Group	0.82
3. Strategic Education	1.11
4. Retrophin	0.00
5. Rapid7	0.80

Market overview

- + Key issues that concerned investors in the second quarter carried over into the third quarter.
- + US-China trade conflict worried investors and stifled business investment even as the Federal Reserve cut interest rates by 0.25% in July and September.
- + The US Treasury yield curve inverted several times, raising fears of a US recession. However, the Fed's accommodative tone provided some support for risk assets.
- + Despite increased volatility, US equity markets delivered generally positive results.

Positioning and outlook

- + All positioning changes are based on bottom-up stock selection.
 - + Our long-term investment horizon results in relatively low portfolio turnover, while disciplined portfolio construction acts as a risk control and ensures alignment with small-cap market sector exposure with modest over- and underweights.
 - + Recent central bank actions have supported continued growth by keeping the cost of debt low.
- The labor market remains healthy with job and wage gains; thus, consumers appear to be fine. However, these are clearly the late innings of the economic cycle and we, therefore, expect only modest growth from here, as well as continued volatility spurred by trade and election headlines.
- + True growth is likely to be scarce and we believe the market will favor companies that can produce growth and compound earnings in spite of the economic cycle.

Performance highlights

- + The fund's Class A shares at net asset value (NAV) declined for the quarter but outperformed the Russell 2000 Index. (Please see the investment results table on page 2 for fund and index performance.)
- + Relative to the index, the industrials sector was a primary driver of outperformance. Additionally, stock selection within real estate, an underweight allocation in health care, and the fund's ancillary cash position were beneficial as well.
- + In contrast, stock selection in the information technology and consumer discretionary sectors were key detractors from relative return.

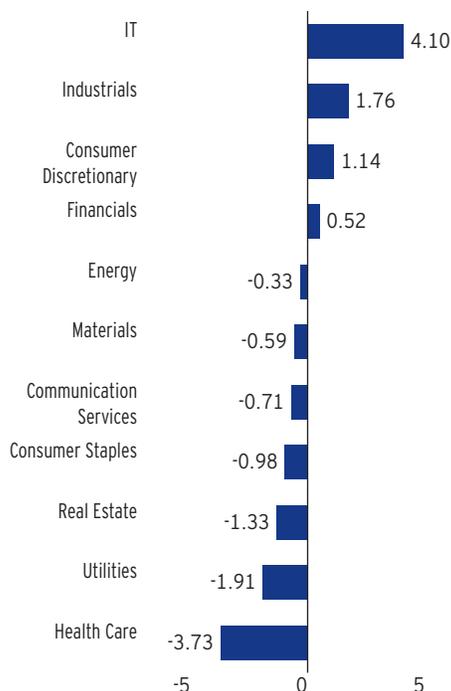
Contributors to performance

- + Data center trends remain positive, as evidenced by **CyrusOne's** earnings results, which beat analyst expectations on all fronts. Additionally, news reports indicated a private equity group was considering acquiring **CyrusOne**.
- + **SPX**, a global supplier of heating, ventilation and air conditioning infrastructure equipment, has benefited from gradual improvements and decreasing operational risk since being spun off from its parent company a few years ago.
- + **Trex**, a manufacturer of wood-alternative decking, recently released its "Enhance" product, a new composite decking product with a lower price point that provides better competition for wood in the lower end of the market.

Detractors from performance

- + **ICU Medical** announced it would exit the short-term contracts IV Solutions business and instead focus on long-term contracts. Essentially, the company decided to sacrifice short-term sales and profits that can be volatile in favor of longer, more stable sales and profits.
- + **Wright Medical** had a significant near-term growth slowdown due to its recent acquisition of Cartiva (not a fund holding) and the poaching of some very high-producing sales reps by a competitor.
- + Biopharmaceutical firm **Retrophin** suffered a Phase 3 drug trial failure, essentially removing one of the company's two key value drivers, in our view. We sold the stock given limited upside until its next Phase 3 data comes out in 2021.

The fund's positioning versus the Russell 2000 Index
(% underweight/overweight)



Investment results

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

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index	Russell 2000 Index
	Inception: 08/31/00		Inception: 08/31/00		Inception: 10/03/08		
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV		
Inception	6.39	6.71	6.31	6.31	8.75	-	-
10 Years	8.89	9.50	8.70	8.70	9.78	11.19	11.19
5 Years	4.08	5.27	4.49	4.49	5.52	8.19	8.19
3 Years	4.09	6.06	5.27	5.27	6.30	8.23	8.23
1 Year	-11.89	-6.75	-8.15	-7.40	-6.56	-8.89	-8.89
Quarter	-6.47	-0.99	-2.19	-1.20	-0.95	-2.40	-2.40

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.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.28	1.28	Dom Common Stock	95.61
Class C Shares	2.03	2.03	Intl Common Stock	2.40
Class Y Shares	1.03	1.03	Cash	1.73
Per the current prospectus			Other	0.26

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.

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 2000® Index is an unmanaged index considered representative of small-cap stocks. The Russell 2000 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.

Stocks of small and mid-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.

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.