

# Invesco Health Care Fund<sup>®</sup>

## 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

Henry Wu

### Fund facts

Nasdaq A: GGHCX C: GTHCX  
Investor: GTHIX Y:  
GGHYX

Total Net Assets	\$1,291,756,262
Total Number of Holdings	73
Annual Turnover (as of 10/31/18)	36%
Distribution Frequency	Annually

### Top holdings % of total net assets

Medtronic	4.67
Novartis ADR	4.63
Thermo Fisher Scientific	4.60
Johnson & Johnson	4.21
UnitedHealth	3.97
AstraZeneca	3.92
Merck	3.47
Sanofi ADR	2.82
Abbott Laboratories	2.75
Zimmer	2.62

### Top contributors % of total net assets

1. Medtronic	4.67
2. Zimmer	2.62
3. AstraZeneca	3.92
4. Bristol-Myers Squibb	2.10
5. Edwards Lifesciences	1.46

### Top detractors % of total net assets

1. Wright Medical	1.26
2. UnitedHealth	3.97
3. BioMarin Pharmaceutical	1.74
4. Exact Sciences	1.50
5. Alexion Pharmaceuticals	1.37

### Market overview

+ Weakening global economic data and ongoing US-China trade conflict contributed to higher market volatility in the third quarter. Data releases during the quarter showed slowing manufacturing activity and declining business investment, evidence that trade tensions were stifling economic growth across both developed and emerging markets. Global recession concerns caused a sharp equity selloff in August as investors crowded into asset classes perceived to be safe havens, including US Treasuries and gold. In September, both the

Federal Reserve and European Central Bank cut interest rates, providing a measure of support for risk assets. Growing optimism about a potential trade deal also boosted equities in September. However, except for the US and Japan, most regions declined during the quarter. Uncertainty about the UK's withdrawal from the European Union weighed on UK and European equities, while political and trade issues affected areas of Latin America and Asia.

### Positioning and outlook

+ During the quarter, political factors in the US, as well as weakening global economic data and continued trade war rhetoric, put pressure on several subsectors of health care, including managed care and biotechnology.  
+ Over the course of the quarter, we slightly trimmed the fund's exposure to biotechnology. The fund remains slightly overweight biotechnology, life science tools and managed care and is underweight pharmaceuticals. The fund's primary ongoing focus remains stock selection.

+ We still believe research and development productivity within health care remains robust, as information technology increasingly intersects with both new medical technologies and a receptive regulatory environment to shepherd new treatments to market. Therefore, we continue to emphasize and search for new investment opportunities in the biotechnology and pharmaceutical sectors, while also seeking opportunities elsewhere in areas such as life science tools and medical devices.

### Performance highlights

+ The fund's Class A shares at net asset value (NAV) underperformed its benchmark, the MSCI World Health Care Index, in the third quarter. (Please see the investment results table on page 2 for fund and index performance).  
+ Overall, stock selection was negative relative to the index.  
+ Stock selection in the biotechnology and pharmaceutical industries had the largest negative effects on relative return.  
+ Stock selection in life sciences tools and services had a positive impact on relative return.

### Contributors to performance

+ **AstraZeneca** meaningfully surpassed consensus earnings expectations as key products outperformed.  
+ During the quarter, **Bristol-Myers Squibb** divested its psoriasis drug Otezla to Amgen (not a fund holding) for \$13.4 billion, sooner than was expected.  
+ **Edwards Lifesciences** performed well as sales of its TAVR heart valve replacement device were higher than previously projected and management raised both its revenue and earnings guidance.

### Detractors from performance

+ **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.  
+ **UnitedHealth** was negatively affected by general weakness in the health care sector, mainly driven by presidential candidates calling for a single payer health care system. Fundamentals remain solid as the company beat earnings expectations and raised its earnings guidance for the year.  
+ **Exact Sciences** sold off as investors shied away from growth stocks, despite the company beating both revenue and earnings expectations and management raising earnings guidance for the year.

Top industries	% of total net assets
Pharmaceuticals	34.62
Health Care Equipment	19.76
Biotechnology	15.52
Managed Health Care	11.68
Life Sciences Tools & Services	8.68
Health Care Services	2.65
Health Care Supplies	1.84
Health Care Facilities	1.53
Health Care Technology	1.39
Drug Retail	0.59

## Investment results

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

Period	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 08/07/89	NAV	Inception: 03/01/99	NAV	Inception: 07/15/05	NAV	
	<b>Max Load 5.50%</b>	<b>NAV</b>	<b>Max CDSC 1.00%</b>	<b>NAV</b>	<b>NAV</b>	<b>NAV</b>	<b>MSCI World Health Care Index</b>
Inception	10.17	10.38	8.07	8.07	7.99	10.21	-
10 Years	10.21	10.84	10.01	10.01	10.84	11.12	11.65
5 Years	2.93	4.10	3.32	3.32	4.10	4.36	6.38
3 Years	4.41	6.40	5.59	5.59	6.39	6.66	8.01
1 Year	-9.23	-3.95	-5.52	-4.67	-3.95	-3.71	-1.83
Quarter	-9.51	-4.24	-5.41	-4.46	-4.27	-4.19	-1.25

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. The Investor Class shares have no sales charge; therefore, performance is at NAV. 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	1.10	1.10	Dom Common Stock	74.10
Class C Shares	1.85	1.85	Intl Common Stock	24.17
Investor Class Shares	1.10	1.10	Cash	1.62
Class Y Shares	0.85	0.85	Other	0.11

Per the current prospectus

For more information you can visit us at [www.invesco.com/us](http://www.invesco.com/us)

■ On April 30, 2018, Invesco Global Health Care Fund was renamed Invesco Health Care Fund. Please see prospectus for more information.

Class Y shares and Investor Class 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 MSCI World Health Care Index is an unmanaged index considered representative of health care stocks of developed countries. 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.

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**About risk**

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock or the issuer's right to buy back the convertible securities.

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.

The health care industry is subject to risks relating to government regulation, obsolescence caused by scientific advances and technological innovations.

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.