

Invesco International Small Company Fund

Q1 2026

Key takeaways

- 1 Non-US stocks outperformed US stocks; small-caps outperformed**

International small-cap stocks outperformed both emerging market small-caps and larger international stocks, but lagged US small-caps for the quarter.
- 2 The fund underperformed its benchmark**

The fund declined for the quarter and underperformed the MSCI ACWI ex USA Small Cap Index.
- 3 Portfolio stability was our focus through the quarter**

We positioned the fund for recovery while also considering potential outcomes should conditions deteriorate. We maintain a balanced, selective approach, seeking to identify undervalued stocks less exposed to secular impairment, while managing AI-related exposures.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	662.23
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Portfolio managers

Michael Oliveros, Andrew Tidby

Manager perspective and outlook

- The Middle East conflict appears to still cast a long shadow over markets, with a wide range of possible outcomes, from swift resolution to prolonged disruption that affects energy markets, supply chains and broader economic activity. While markets have seen some relief rallies, volatility has remained elevated. Potential for demand destruction, credit events and supply bottlenecks are key risks we are monitoring closely.
- We acknowledge current uncertainty about monetary policy, particularly in the US where inflation concerns appear to persist alongside signs of cyclical recovery. We believe caution is warranted given lagged effects of geopolitical shocks and tariff uncertainties. We anticipate a nuanced scenario where inflation may remain elevated (with interest rates "higher for longer"), but real GDP growth is still positive, albeit possibly slowing from recent levels. We do not expect broad stagflation, but we believe risks of slower growth exist in certain sectors, especially consumer-facing ones. Regional market dynamics appear to vary significantly. In Asia, we believe Taiwan and Korea show resilience driven by artificial intelligence-related (AI) demand, while Japan is likely to benefit from fiscal stimulus and accommodative monetary policy that support cyclical recovery despite expected rate hikes. Europe, in our view, presents a mixed picture, with industrial activity showing signs of improvement but ongoing challenges in consumer and construction-related sectors.



Top issuers

(% of total market value)

	Fund	Index
SBM Offshore NV	2.91	0.10
Samsung Fire & Marine Insurance Co Ltd	2.72	0.00
Helios Towers PLC	2.63	0.04
SigmaRoc PLC	2.43	0.03
Chroma ATE Inc	2.43	0.00
Kobe Bussan Co Ltd	2.25	0.06
Konecranes Oyj	2.19	0.12
Lion Finance Group PLC	2.16	0.08
Tokyo Tatemono Co Ltd	2.08	0.08
BAWAG Group AG	2.05	0.00

Portfolio positioning

Equity markets have recently been dominated by strong momentum in areas such as AI-related businesses and energy infrastructure, which drove valuations in these sectors to elevated levels. As a broadly diversified strategy, the fund has not been rewarded in this narrow leadership environment where markets have not favored traditional defensive and cyclical risk/return behaviors.

An atypical cycle could see economic improvement alongside rising unemployment due to AI-driven efficiency gains. Although a cyclical recovery is possible, secular crosscurrents in our view add complexity, making the path forward difficult to predict. Given these dynamics, we have actively reassessed holdings and position sizing in an effort to align with the evolving risk and opportunity landscape, aiming to capture idiosyncratic alpha while managing factor risks. We believe disciplined diversification and stock picking remain key in this narrow, volatile market.

We sold six holdings during the quarter.

Within information technology, we sold a number of software companies due to structural disruption, including Brazil-based enterprise software provider **TOTVS** and Japan-based **OBIC Business Consultants** and **Zuken**, which provide enterprise software solutions and electronic design automation software, respectively. We also sold **Genda**, a Japanese amusement arcades company and **Worley**, an Australian engineering and professional services company, in favor of companies we believe are a better fit for the fund.

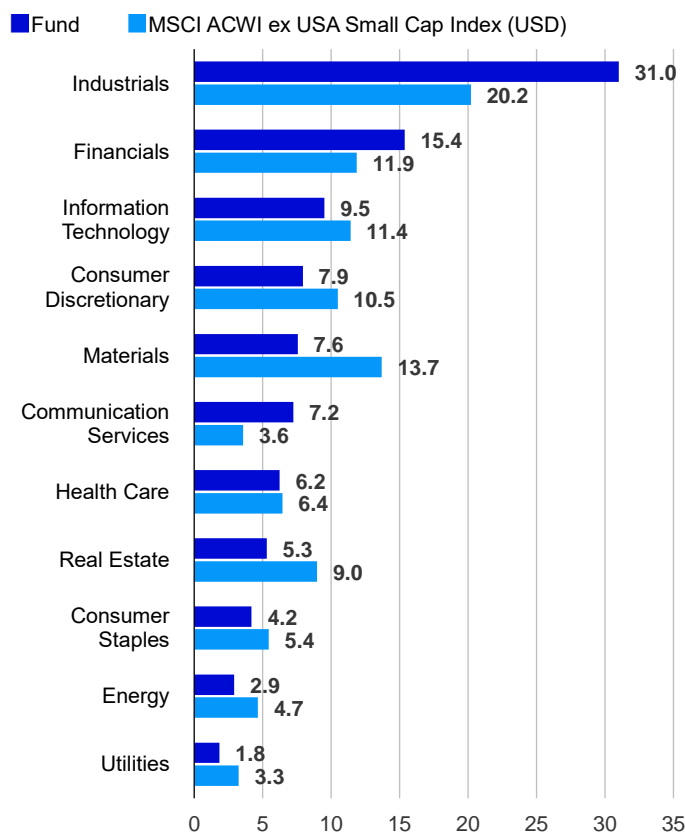
We added six new holdings during the quarter, three of which we can now discuss:

VINCORIAN, a German defense company and recent initial public offering, develops and manufactures mission-critical power and drive systems for defense and aerospace applications, including air defense systems. We see VINCORION as an attractive, quality defense business with a stable revenue base from aftermarket services that fits well within the fund.

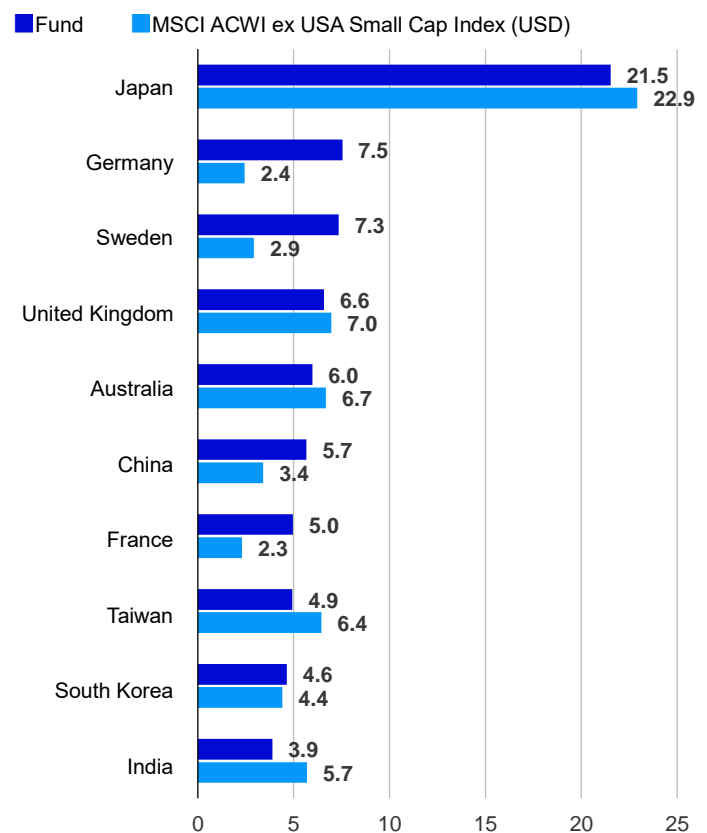
ASTA Energy specializes in flat wire copper extrusion and insulation, leveraging engineering expertise to deliver distinct product advantages. We like ASTA for its value-creation culture and long-term agreements that we believe reduce growth risk, boost profitability and strengthen capital discipline.

Katitas renovates and sells used homes for low to middle-income buyers in Japan. We like its strong growth potential, favorable market conditions, efficient cost management, solid financials, reputable brand and a large addressable market.

Sector breakdown (% of total market value)



Top countries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Chroma ATE Inc.	85.78	1.35
SBM Offshore NV	38.63	0.73
LEENO Industrial Inc	47.24	0.69
ASPEED Technology Inc.	44.85	0.51
Exail Technologies SA	43.25	0.47

Top detractors (%)

Issuer	Return	Contrib. to return
CTS Eventim AG & Co. KGaA	-37.94	-0.83
Planisware Societe anonyme	-40.22	-0.55
Hypoport SE	-45.83	-0.45
flatexDEGIRO AG	-21.49	-0.43
Samsung Fire & Marine Insurance Co., Ltd	-13.05	-0.38

Performance highlights

Stock selection in information technology added to relative return, as did stock selection and an underweight in consumer discretionary, a weaker benchmark sector during the quarter. Geographically, stock selection in emerging markets, particularly Taiwan, was the largest contributor to relative results.

Stock selection in financials and communication services detracted from relative return.

Geographically, stock selection in Europe ex UK, most notably Germany, detracted from relative return.

Contributors to performance

Below are the largest contributors to absolute return for the quarter:

Chroma ATE, a Taiwan-based leader in precision testing equipment, saw shares rise after reporting strong full year results amid improving demand expectations for semiconductor and advanced electronics markets.

LEENO Industrial is South Korea-based manufacturer of automated soldering and assembly equipment used primarily in electronics manufacturing. The stock's performance was boosted by stronger-than-expected results, underpinned by AI-related tailwinds.

SBM Offshore is a Netherlands-based provider of floating production systems and related services for the offshore energy industry. Shares advanced amid sustained offshore project activity, healthy backlog levels, improving cash flow expectations and continued investment in global energy infrastructure.

ASPEED Technology is a Taiwan based

fabless integrated circuit design company specializing in server management and remote monitoring chips. The stock performed well as strong data center investment and AI related infrastructure spending supported demand expectations for the company's specialized products.

Detractors from performance

Below are the largest detractors from absolute return for the quarter:

CTS Eventim is based in Germany and provides ticketing and live entertainment services across Europe. Shares fell on lowered forward earnings guidance. We believe CTS is largely insulated from recent AI-related disruptions, benefits from a strong network with promoters, and has a resilient business model.

Planisware Societe, a France-based project and portfolio management software provider, saw shares fall amid broader volatility in European technology stocks.

Hypoport is a German financial technology company focused on mortgage, insurance and real estate platforms. Management reported strong annual growth in gross profit margins, but ongoing softness in German housing and mortgage markets weighed on shares during the quarter.

flatexDEGRIO is a leading pan-European discount broker. Management reported strong customer growth and robust year-over-year earnings results, but shares pulled back on what we consider misplaced concerns about AI and financial advice. We still believe the company is competitively positioned in terms of platform breadth, scale and profitability, relative to its peers.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 08/31/00	NAV	-2.13	-2.13	18.95	9.60	5.89	7.95	8.44
	Max. Load 5.5%	-7.50	-7.50	12.40	7.56	4.70	7.34	8.20
Class R6 shares inception: 09/24/12	NAV	-2.06	-2.06	19.42	10.17	6.40	8.45	6.53
Class Y shares inception: 10/03/08	NAV	-2.08	-2.08	19.26	9.89	6.15	8.22	8.15
MSCI ACWI ex USA Small Cap Index (USD)		-0.48	-0.48	27.82	13.67	5.66	8.01	-
Total return ranking vs. Morningstar Foreign Small/Mid Blend category (Class A shares at NAV)		-	-	80% (66 of 87)	86% (73 of 85)	51% (38 of 77)	48% (29 of 56)	-

Expense ratios per the current prospectus: Class A: Net: 1.55%, Total: 1.68%; Class R6: Net: 1.06%, Total: 1.07%; Class Y: Net: 1.30%, Total: 1.43%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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. 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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	8.79	33.42	-18.67	18.44	10.16	18.38	-11.27	14.12	-2.62	25.83
Class R6 shares at NAV	9.22	34.04	-18.31	18.95	10.66	18.88	-10.91	14.85	-2.12	26.42
Class Y shares at NAV	9.10	33.74	-18.44	18.66	10.47	18.70	-11.08	14.43	-2.42	26.22
MSCI ACWI ex USA Small Cap Index (USD)	3.91	31.65	-18.20	22.42	14.24	12.92	-19.97	15.66	3.36	29.26

Portfolio characteristics*

	Fund	Index
No. of holdings	72	4,093
Top 10 issuers (% of AUM)	23.85	2.00
Wtd. avg. mkt. cap (\$M)	4,972	3,705
Price/earnings	18.24	16.87
Price to book	2.81	1.60
Est. 3 – 5 year EPS growth (%)	10.49	10.46
ROE (%)	18.44	11.27
Long-term debt to capital (%)	25.98	24.93
Operating margin (%)	20.13	16.56

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.44	0.00
Beta	0.88	1.00
Sharpe ratio	0.17	0.14
Information ratio	0.05	0.00
Standard dev. (%)	14.67	15.80
Tracking error (%)	5.00	0.00
Up capture (%)	84.12	100.00
Down capture (%)	91.06	100.00
Max. drawdown (%)	22.43	31.09

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.34	-0.95	-1.29
Consumer Discretionary	0.28	0.22	0.51
Consumer Staples	0.00	-0.42	-0.42
Energy	-0.36	0.23	-0.12
Financials	-0.07	-1.30	-1.37
Health Care	-0.02	-0.67	-0.68
Industrials	-0.03	-1.22	-1.25
Information Technology	-0.04	1.24	1.20
Materials	-0.14	-0.28	-0.42
Other	0.00	0.00	0.00
Real Estate	0.27	0.05	0.32
Utilities	-0.11	-0.11	-0.23
Cash	0.07	0.00	0.07
Total	-0.48	-3.20	-3.68

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.**

Region performance analysis (%)

Region	Allocation effect	Selection effect	Total effect
Developed	0.03	-4.59	-4.56
Emerging	-0.01	0.82	0.81
Cash	0.07	0.00	0.07
Total	0.10	-3.77	-3.68

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Taiwan	1.23	4.71	45.97
Netherlands	0.74	2.45	38.63
India	0.39	4.39	-17.72
Tanzania	0.18	2.49	7.21
South Africa	0.12	0.66	9.54

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Germany	-2.31	8.19	-26.05
Canada	-0.61	1.47	-3.72
Finland	-0.51	3.41	-16.09
Japan	-0.46	19.98	2.13
France	-0.45	5.57	-9.85

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Apr 30, 2026.

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to MSCI ACWI ex USA Small Cap Index (USD).

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

• **Effective August 22, 2025, the Invesco EQV International Small Company Fund was renamed Invesco International Small Company Fund.**

About Risk

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.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy, and Spain.

The Fund's value may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall or rise sharply at times. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferral of dividend payments.

Stocks of small and 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 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](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.