

Invesco Value Opportunities Fund

Q4 2023

Key takeaways

- 1 The fund underperformed its benchmark**

Underperformance was driven mainly by an overweight position in energy.
- 2 Fund activity capitalized on higher market volatility**

We took advantage of market volatility to add one new holding to the fund. We also sold a few holdings across several sectors and used the proceeds to fund investments we believe have more potential upside.
- 3 Longer term, mid-cap value stocks appear attractive relative to S&P 500 stocks**

The price/earnings (P/E) multiple of the Russell Midcap Value Index has been at a large historical discount compared to the P/E of the S&P 500 Index (Source: FactSet Research Systems, Inc.). We believe this valuation represents a compelling long-term investment opportunity.

Investment objective

The fund seeks total return through growth of capital and current income.

Fund facts

Fund AUM (\$M)	3,136.42
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Portfolio managers

Jonathan Edwards, Jonathan Mueller

Manager perspective and outlook

- We use an intrinsic value approach to select investments for the fund. The portfolio is not constructed based on a short-term macroeconomic view. Instead, positioning is driven by bottom-up stock selection based on intrinsic value. We seek to create wealth by maintaining a long-term investment horizon and investing in companies that we believe are significantly undervalued on an absolute basis.
- Given our focus on intrinsic value and long-term investment horizon, the fund was positioned with more economically sensitive stocks than its peers at quarter end.
- Following the dramatic outperformance of large-cap versus mid-cap stocks in recent years, we anticipate greater long-term upside for intrinsic value in many mid-cap stocks compared to large-cap stocks.
- At quarter end, the difference between the market price and the estimated intrinsic value of the fund's holdings was very attractive, according to our estimation. Although there is no assurance that market value will ever reflect our estimate of the fund's intrinsic value, we believe the gap between price and estimated intrinsic value indicates above-average, long-term capital appreciation potential.



Top issuers

(% of total net assets)

	Fund	Index
Expedia Group Inc	3.38	0.07
Centene Corp	3.37	0.00
Lumentum Holdings Inc	3.11	0.05
Avantor Inc	2.75	0.21
Huntington Bancshares Inc/OH	2.65	0.24
Leonardo SpA	2.51	0.00
Vertiv Holdings Co	2.51	0.20
NRG Energy Inc	2.49	0.16
Fidelity National Information Services Inc	2.47	0.47
KBR Inc	2.35	0.06

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Investors' short-term fears appeared to remain elevated during the quarter, and we continued to identify attractive long-term upside to intrinsic value across a diverse set of industries. At quarter end, the fund remained overweight in more economically sensitive stocks than its benchmark and peers. However, we also found attractive investment opportunities in some more defensive areas.

Notable New Additions

US Bancorp is one of the largest regional banks in the US, primarily servicing the Western and Midwestern states. Shares were depressed at the beginning of the quarter due to near-term recession fears, which gave us the opportunity to invest at an attractive discount to our estimate of intrinsic value.

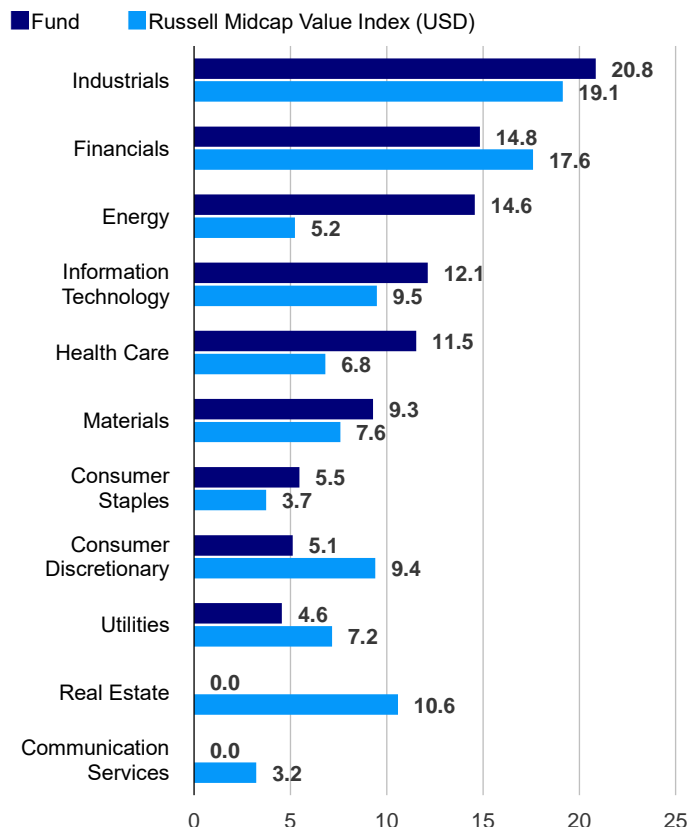
Notable Sales

Cigna: We sold the fund's investment in Cigna to fund more attractive opportunities elsewhere.

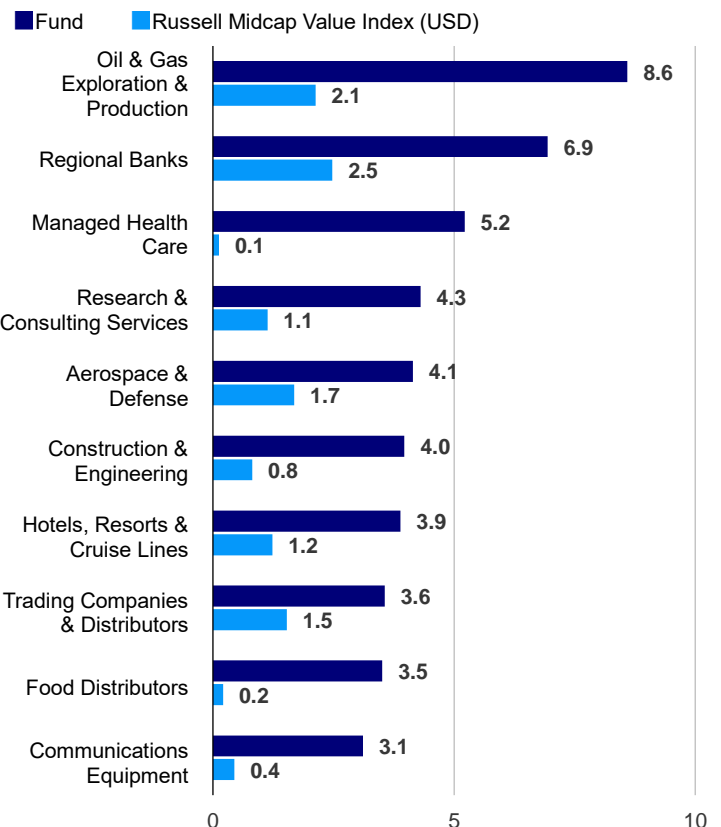
Las Vegas Sands: We also sold the fund's position in Las Vegas Sands to fund more attractive opportunities elsewhere.

HOCHTIEF: We sold the fund's successful investment in this engineering-led global infrastructure company because its valuation reached our estimate and to fund more attractive opportunities elsewhere.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Expedia Group, Inc.	47.27	1.27
NRG Energy, Inc.	35.41	0.78
Vertiv Holdings Co	29.18	0.70
Coherent Corp.	33.36	0.65
Pinnacle Financial Partners, Inc.	30.53	0.62

Top detractors (%)

Issuer	Return	Contrib. to return
Cenovus Energy Inc.	-19.54	-0.48
APA CORPORATION	-12.18	-0.34
Fresenius Medical Care AG	-3.02	-0.31
Cigna Group	-8.11	-0.23
KBR, Inc.	-5.75	-0.22

Performance highlights

The fund's sector performance was mostly positive with energy being the only detractor from absolute return. Financials, industrials and information technology (IT) were the largest contributors. Stock selection in IT and utilities added the most to relative return. An overweight position in energy and stock selection in health care and industrials detracted the most from relative return.

Contributors to performance

Expedia: Shares of the world's second largest online travel agency rose during the fourth quarter after the company reported third quarter financial results above Wall Street expectations and announced a major stock buyback program.

NRG Energy: NRG Energy is one of the largest retail energy providers in the US and one of the largest US independent power producers focused primarily in Texas. Shares of the company rose as management reported solid financial results for the third quarter and announced a \$950 million accelerated share repurchase program.

Vertiv: Shares of this global provider of critical digital infrastructure and continuity solutions rose after management raised full

year 2023 guidance and authorized a \$3 billion share repurchase plan over four years. A significant portion of Vertiv's business is tied to data center spending, which we believe stands to benefit from growth of artificial intelligence.

Detractors from performance

Cenovus Energy: This integrated energy company has oil and natural gas production operations in Canada and the Asia Pacific region and refining and marketing operations in Canada and the US. Despite reporting strong third quarter financial results, shares fell in the fourth quarter along with the energy sector in general as oil prices declined.

APA: Shares of this independent energy exploration & production company also fell along with the energy sector in general during the fourth quarter despite reporting strong third quarter results.

Fresenius Medical Care: The company is one of the world's largest providers of dialysis services and products. We reduced the fund's position based on uncertain future demand for dialysis services as GLP-1 drugs may reduce the incidence of chronic kidney disease.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 06/25/01	NAV	10.72	15.14	15.14	16.53	16.73	8.67	6.92
	Max. Load 5.5%	4.65	8.79	8.79	14.35	15.41	8.06	6.66
Class R6 shares inception: 04/04/17	NAV	10.84	15.55	15.55	16.96	17.21	8.97	-
Class Y shares inception: 03/23/05	NAV	10.79	15.34	15.34	16.81	17.02	8.93	7.32
Russell Midcap Value Index (USD)		12.11	12.71	12.71	8.36	11.16	8.26	-
Total return ranking vs. Morningstar Mid-Cap Value category (Class A shares at NAV)		-	-	37% (134 of 397)	5% (12 of 383)	3% (9 of 363)	24% (57 of 274)	-

Expense ratios per the current prospectus: Class A: Net: 1.09%, Total: 1.09%; Class R6: Net: 0.72%, Total: 0.72%; Class Y: Net: 0.84%, Total: 0.84%.

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. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. 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.

Performance highlights (cont'd)

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	6.61	-10.43	18.01	17.10	-19.71	29.88	5.48	35.59	1.35	15.14
Class R6 shares at NAV	6.61	-10.43	18.01	17.48	-19.37	30.49	5.96	36.09	1.74	15.55
Class Y shares at NAV	6.81	-10.17	18.28	17.40	-19.53	30.24	5.72	35.86	1.71	15.34
Russell Midcap Value Index (USD)	14.75	-4.78	20.00	13.34	-12.29	27.06	4.96	28.34	-12.03	12.71

Portfolio characteristics*

	Fund	Index
No. of holdings	55	703
Top 10 issuers (% of AUM)	27.58	6.68
Wtd. avg. mkt. cap (\$M)	19,295	23,014
Price/earnings	14.51	16.86
Price to book	1.94	2.22
Est. 3 – 5 year EPS growth (%)	9.51	7.95
ROE (%)	10.79	12.84
Long-term debt to capital (%)	43.36	40.78
Operating margin (%)	16.59	17.59

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	4.21	0.00
Beta	1.19	1.00
Sharpe ratio	0.54	0.42
Information ratio	0.63	0.00
Standard dev. (%)	27.55	22.15
Tracking error (%)	8.80	0.00
Up capture (%)	154.61	100.00
Down capture (%)	104.88	100.00
Max. drawdown (%)	38.65	31.71

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.02	0.00	0.02
Consumer Discretionary	-0.23	0.54	0.31
Consumer Staples	-0.13	0.33	0.19
Currency Forward	-0.05	0.00	-0.05
Energy	-1.33	-0.37	-1.71
Financials	-0.25	0.52	0.27
Health Care	-0.37	-0.41	-0.78
Industrials	0.01	-0.53	-0.52
Information Technology	0.06	1.04	1.10
Materials	-0.05	0.03	-0.02
Real Estate	-0.45	0.00	-0.45
Utilities	0.06	0.68	0.75
Cash	-0.18	0.00	-0.18
Total	-2.88	1.83	-1.06

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.**

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.

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 deferment of dividend payments.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

A value style of investing is subject to the risk that the valuations never improve or that the returns will trail other styles of investing or the overall stock markets.

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.