

# Invesco Main Street Small Cap Fund®

## Q1 2026

## Key takeaways

**1 The fund underperformed its benchmark for the quarter**  
Underperformance was primarily driven by stock selection in the health care, industrials and financials sectors. Stronger stock selection in the information technology (IT) and real estate sectors partially offset these results.

**2 Portfolio activity**  
There was no significant change to the fund's overall positioning during the quarter as we sought to keep most sector, factor and other macro-related exposures similar to the Russell 2000 Index.

**3 US small-caps outperformed**  
Equities faced increased volatility amid geopolitical tension, higher energy prices and artificial intelligence-related (AI) concerns. US small-caps outperformed the broader market as leadership rotated away from mega cap stocks. The Russell 2000 Index returned 0.89%.

### Investment objective

The fund seeks capital appreciation.

### Fund facts

Fund AUM (\$M) 2,206.64

### Portfolio managers

Adam Weiner, Matthew Ziehl, Joy Budzinski, Magnus Krantz, Raman Vardharaj

## Manager perspective and outlook

- US financial markets had a volatile first quarter, marked by shifting monetary policy expectations, geopolitical instability and uneven economic data.
- Equities started 2026 with momentum as earnings remained solid and market leadership broadened beyond mega cap growth stocks. Volatility rose later in the quarter due to the Iran conflict, higher energy prices and concerns about AI disruption.
- Economic growth remained positive but showed signs of softening, as job gains slowed, unemployment edged higher and inflation stayed above the US Federal Reserve's (Fed) 2% target.
- Following three interest rate cuts in late 2025, the Fed left the federal funds rate unchanged during the quarter, signaling a more cautious stance with rates staying "higher for longer" in response to persistent inflation and a cooling labor market.
- Major equity indexes declined amid heightened volatility, with the S&P 500 Index returning -4.33%. Energy stocks outperformed on rising oil prices, while financials, consumer discretionary and IT lagged. Small-caps outperformed the broader market, with the Russell 2000 Index returning 0.89%, led by energy and materials.
- Regardless of market sentiment and near-term economic trends, our investment process favors better-managed companies with strong competitive positioning. We seek to outperform through stock selection while keeping top-down macro, factor and sector exposures similar to the index.



## Top issuers

(% of total market value)

	Fund	Index
Enpro Inc	2.12	0.18
American Healthcare REIT Inc	1.85	0.29
BrightSpring Health Services Inc	1.78	0.19
Helmerich & Payne Inc	1.77	0.12
Columbia Banking System Inc	1.77	0.00
Kodiak Gas Services Inc	1.75	0.17
Northern Oil & Gas Inc	1.72	0.10
Wintrust Financial Corp	1.68	0.00
Outfront Media Inc	1.65	0.13
Essential Properties Realty Trust Inc	1.63	0.21

As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

There was no significant change to overall positioning during the quarter as we sought to keep most sector, factor and other macro-related exposures similar to the Russell 2000 Index. All sector weights were within +/- 5% of the index at quarter end. The fund's largest sector overweight at quarter end was consumer discretionary and the largest underweight was health care.

We maintain our valuation discipline and focus on companies with skilled management teams that we believe are executing better than their peers. We strive to maintain a portfolio that can outperform in most market environments. The fund's two structural exposures continue to be underweights in micro-cap stocks (generally below \$1 billion market cap) and the biotechnology industry.

Positions added during the quarter included the following companies:

**Chef's Warehouse** has been scaling up its specialty food distribution platform through organic growth and acquisitions, leading to expanding profit margins and improving return on invested capital.

**Fluor** has been benefiting from an operational turnaround alongside improving demand across its core infrastructure and energy end markets.

**Kontoor Brands** has been driving growth through its recent Helly Hansen acquisition as marketing investment has increased and US distribution has expanded, while its core Wrangler and Lee clothing brands has delivered steady results

**Manhattan Associates** stock has fallen back into small-cap territory on AI-related concerns, despite operating a distribution center Enterprise Resource Planning (ERP) platform that we believe is well insulated from replacement risk.

**Whetherford International** offers diversified, offshore-weighted oilfield services exposure, supported by improving financial strength under a new management team..

Positions sold during the quarter included the following companies:

**Aerovironment** was sold due to an uncertain outlook after an unexpected rebid of a Space Force contract put a meaningful portion of the company's order backlog at risk.

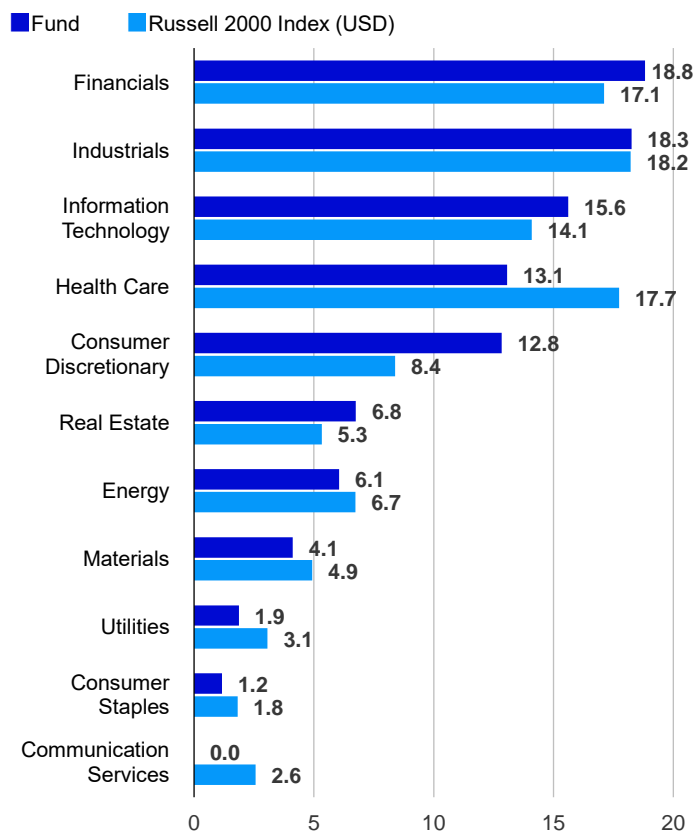
**Artivion** has seen rising competitive concerns that reduced our confidence in the company, so we exited and reallocated the capital elsewhere.

**Hub Group** disclosed a backward-looking cost accounting error, and despite its stable forward guidance, we reallocated the funds to Fluor, where we have higher conviction.

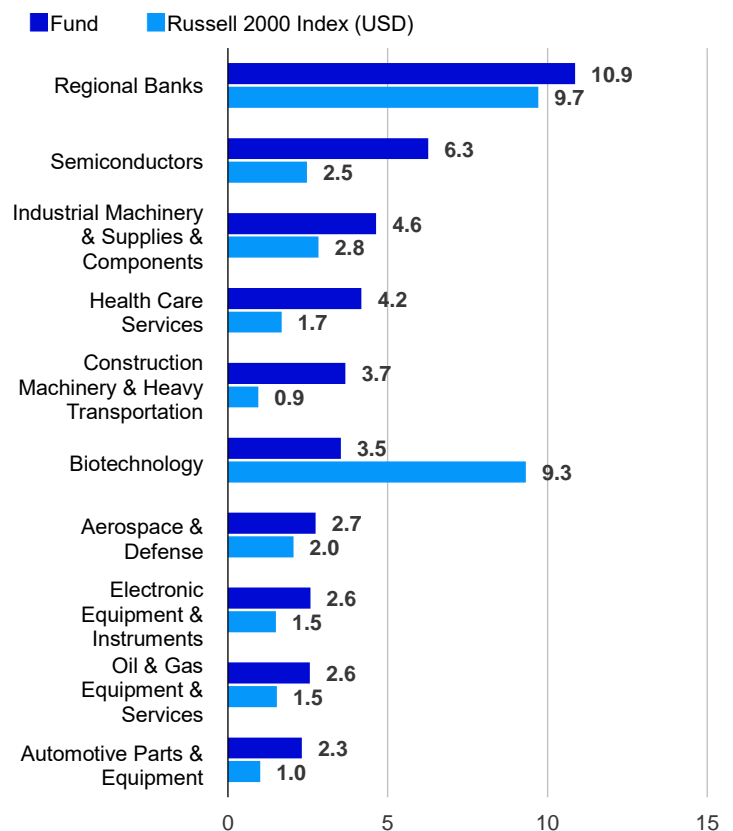
**Stifel Financial** was sold due to a high market cap, and the capital was redeployed into Miami International.

**Upwork** faced growing AI-related concerns that appeared to weigh on the stock despite what we saw as solid execution.

## Sector breakdown (% of total market value)



## Top industries (% of total market value)



## Top contributors (%)

Issuer	Return	Total effect
Kodiak Gas Services, Inc.	57.46	0.71
Silicon Laboratories Inc.	59.26	0.51
Northern Oil and Gas, Inc.	38.19	0.44
Helmerich & Payne, Inc.	26.57	0.38
MACOM Technology Solutions Holdings, Inc.	29.65	0.38

## Top detractors (%)

Issuer	Return	Total effect
ADMA Biologics, Inc.	-50.60	-0.81
PennyMac Financial Services, Inc.	-33.49	-0.65
Unity Software Inc.	-50.33	-0.49
Upwork Inc.	-44.70	-0.47
Applied Optoelectronics, Inc.	-25.73	-0.31

## Performance highlights

The fund's Class A shares at net asset value (NAV) returned -1.04% for the quarter, underperforming the Russell 2000 Index, which returned 0.89%. The fund's underperformance was primarily driven by stock selection in the health care, industrials and financials sectors. Stronger stock selection in the IT and real estate sectors partially offset these results.

### Contributors to performance

**Kodiak Gas Services** is a leading US provider of contract compression services supporting natural gas and oil production and transportation. In addition to benefiting from higher oil and gas prices, Kodiak's stock was lifted by the announcement it was entering the power market, which would enable it to provide solutions to data centers and other customers requiring large energy loads.

**Silicon Laboratories** rose after it agreed to be acquired by Texas Instruments (not a fund holding) at a premium.

**Northern Oil and Gas** is a non-operating oil and gas company that focuses on acquiring and investing in oil well interests across major US shale basins. Northern outperformed during the quarter as energy prices rose amid geopolitical tensions and global supply disruptions.

### Detractors from performance

**ADMA Biologics** declined as investors appeared to react to a short-seller report that seemed to raise concerns about the sustainability of its recent results. The report suggested sales may have been supported by elevated distributor inventory rather than end-patient demand. The report also highlighted the possibility of slower growth for its ASCENIV product due to broader adoption of RSV vaccines that could reduce demand for the company's immune-boosting therapies.

**PennyMac Financial Services** reported weak fourth quarter results. As mortgage rates declined during the quarter, it appears competitive issues affected the company's ability to capture enough new loans to offset refinancing of mortgages they serviced. Company management also indicated it believes mortgage margins will stay low throughout 2026, which drove full year earnings estimates lower.

**Unity Software** underperformed after quarterly results fell short of expectations, with the weakness compounded by seemingly broader investor concerns about potential AI-driven disruption across the video game software ecosystem.

## Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 05/17/13	NAV	-1.04	-1.04	14.13	11.05	5.07	10.06	9.33
	<b>Max. Load 5.5%</b>	-6.47	-6.47	7.85	8.96	3.89	9.43	8.85
Class R6 shares inception: 05/17/13	NAV	-0.98	-0.98	14.57	11.46	5.47	10.50	9.78
Class Y shares inception: 05/17/13	NAV	-1.03	-1.03	14.38	11.31	5.32	10.35	9.64
Russell 2000 Index (USD)		0.89	0.89	25.72	13.05	3.77	9.88	-
Total return ranking vs. Morningstar Small Blend category (Class A shares at NAV)		-	-	78% (471 of 615)	53% (300 of 581)	49% (250 of 560)	33% (141 of 442)	-

Expense ratios per the current prospectus: Class A: Net: 1.08%, Total: 1.08%; Class R6: Net: 0.69%, Total: 0.69%; Class Y: Net: 0.83%, Total: 0.83%.

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. 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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	17.76	13.47	-10.73	25.73	19.82	21.73	-16.09	17.54	12.43	8.45
Class R6 shares at NAV	18.19	14.06	-10.39	26.22	20.31	22.23	-15.75	17.94	12.88	8.86
Class Y shares at NAV	18.07	13.89	-10.44	26.00	20.13	22.03	-15.87	17.82	12.75	8.70
Russell 2000 Index (USD)	21.31	14.65	-11.01	25.52	19.96	14.82	-20.44	16.93	11.54	12.81

### Portfolio characteristics\*

	Fund	Index
No. of holdings	98	1,933
Top 10 issuers (% of AUM)	17.73	5.63
Wtd. avg. mkt. cap (\$M)	6,444	4,860
Price/earnings	19.37	18.44
Price to book	2.43	2.20
Est. 3 – 5 year EPS growth (%)	13.74	12.23
ROE (%)	11.81	4.42
Long-term debt to capital (%)	35.14	31.82
Operating margin (%)	13.51	13.42

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	1.26	0.00
Beta	0.91	1.00
Sharpe ratio	0.09	0.02
Information ratio	0.24	0.00
Standard dev. (%)	18.95	19.98
Tracking error (%)	5.45	0.00
Up capture (%)	90.62	100.00
Down capture (%)	94.52	100.00
Max. drawdown (%)	23.48	26.83

### Quarterly performance attribution

#### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.04	0.00	0.04
Consumer Discretionary	-0.16	0.04	-0.11
Consumer Staples	-0.02	0.01	-0.02
Energy	-0.21	0.07	-0.14
Financials	-0.03	-0.59	-0.62
Health Care	0.16	-1.05	-0.89
Industrials	0.16	-0.79	-0.63
Information Technology	-0.01	0.84	0.83
Materials	-0.04	-0.49	-0.53
Real Estate	-0.01	0.33	0.32
Utilities	-0.02	0.07	0.05
Cash	-0.02	0.00	-0.02
<b>Total</b>	<b>-0.16</b>	<b>-1.56</b>	<b>-1.72</b>

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.**

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to Russell 2000 Index (USD).

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

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.

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#### About Risk

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.

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 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.

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.

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#### 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.**