

Invesco Discovery Mid Cap Growth Fund

Q2 2025

Key takeaways

1 The fund outperformed its benchmark in the second quarter
Strong stock selection in industrials, materials and consumer discretionary added to relative return. Weakness in financials partially offset the favorable results.

2 Strong second quarter results reversed first quarter US equity weakness
Despite tariff jitters and escalating tensions between Israel and Iran, the combination of better-than-expected earnings, renewed confidence in artificial intelligence (AI) spending and tamer inflation data pushed US equities higher.

3 We remain focused on premier growth compounders
Technology driven innovation has continued to disrupt large portions of the global economy, providing in our view substantial opportunities through investment in premier growth compounders. We remain focused on capturing those opportunities for fund shareholders.

Investment objective

The fund seeks capital appreciation.

Fund facts

Fund AUM (\$M) 6,472.05

Portfolio managers

Ronald Zibelli, Justin Livengood

Manager perspective and outlook

- Invesco US Growth Team's constructive outlook for US equities has been supported by reduced uncertainty about administration policies and geopolitical conditions since the end of last quarter. Tariff negotiations have progressed, the giant tax and spending bill passed shortly after quarter end, a ceasefire occurred in the Middle East, and European Union commitments to raise defense spending will likely strengthen NATO. We expect both GDP (gross domestic product) and corporate profits to grow in the second half of 2025 and into 2026.
- Meanwhile, the pace of AI-related innovation and infrastructure buildout has remained robust and industrial renewal has continued to provide abundant investment opportunities.
- We remain focused on exposing fund shareholders to premier growth companies. Our recent emphasis has been on the industrial, financial, information technology (IT) and consumer discretionary sectors.



Top issuers

(% of total net assets)

	Fund	Index
Hilton Worldwide Holdings Inc	2.75	2.07
Howmet Aerospace Inc	2.69	2.48
Axon Enterprise Inc	2.63	2.05
Cloudflare Inc	2.19	2.01
Palantir Technologies Inc	2.19	0.00
Encompass Health Corp	2.17	0.00
Flex Ltd	2.05	0.00
CyberArk Software Ltd	2.02	0.00
Cencora Inc	1.97	1.83
Tradeweb Markets Inc	1.94	0.05

As of 06/30/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

At quarter end, the annual rebalancing of the Russell US stock indexes occurred. The most notable changes to the fund's benchmark were in IT where a reduction of 11% resulted in an 18% index weighting and in consumer discretionary where the index weighting increased 8% to 22%. The fund's quarter end sector weights were within our guidelines (+/-5% of the benchmark). The fund was overweight in IT and industrials, while underweight consumer discretionary and communication services. At the security level, we added and removed several stocks to reflect our desired positioning and upgrade the portfolio:

Buys

LPL is the largest independent registered investment advisor (RIA) firm in the US. We returned to this stock for three reasons: (a) a new CEO with a strong background, (b) announcement of a \$2.7 billion acquisition of Commonwealth Financial (not a fund holding), a material deal in terms of earnings accretion and reputation, and (c) rising equity markets that provided a tailwind for assets under management and revenue.

Darden is the largest full-service US restaurant company. The company has taken advantage of its scale to outcompete its peers on price, increase "back of the house" synergies and conduct selective M&A (mergers & acquisitions). More recently, Darden has highlighted its value proposition with focused advertising of its limited time offers and has partnered with UberEats for Olive Garden delivery.

DoorDash is a best-in-class US food delivery service that has successfully penetrated new areas, including grocery and international. We believe its acquisition of Deliveroo (not a fund holding) will support international expansion.

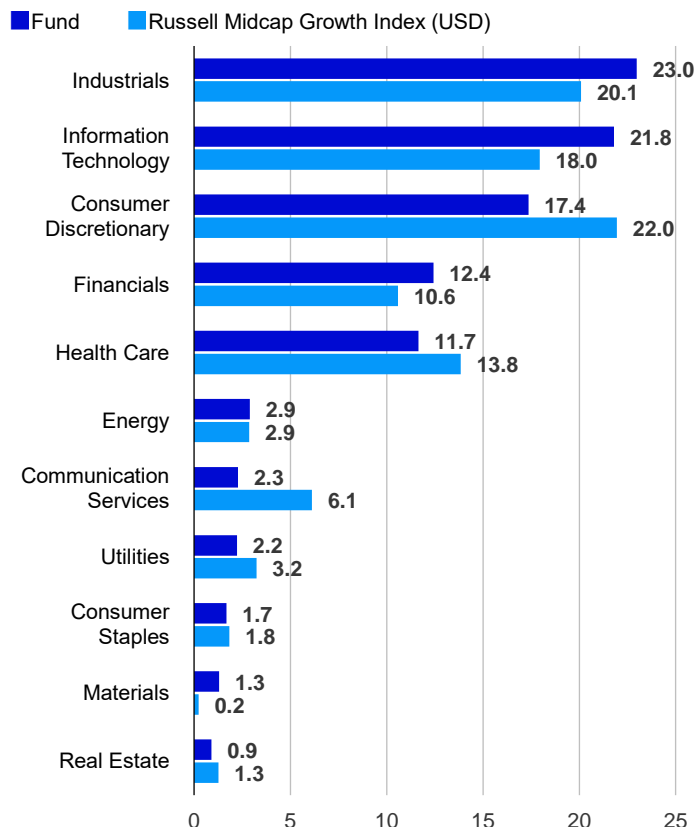
Sales

AppLovin is a mobile advertising platform. We sold the position because its market cap rose beyond the fund's typical investment range.

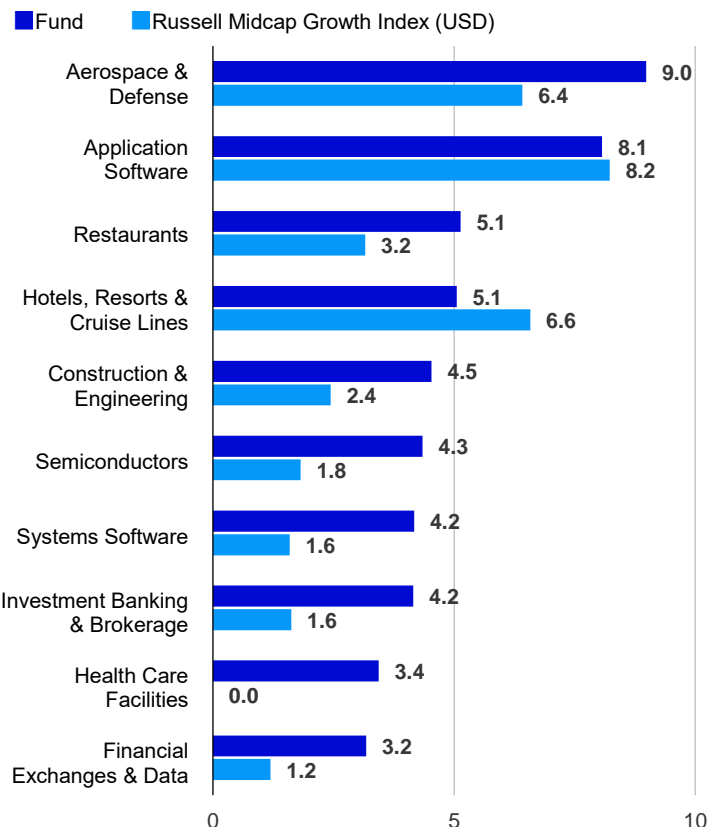
HubSpot provides cloud-based customer relationship management services. We sold the position because revenue growth continued to decelerate.

Burlington Stores is the third largest off-price retailer of apparel, accessories and home goods in the US. We sold the position due to concerns about current spending power of the company's target customers, which historically lean toward a lower income demographic.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Axon Enterprise, Inc.	57.42	1.30
Palantir Technologies Inc.	61.52	1.24
Howmet Aerospace Inc.	43.57	1.04
Cloudflare, Inc.	73.78	1.03
Circle Internet Group, Inc.	400.31	0.87

Top detractors (%)

Issuer	Return	Contrib. to return
Targa Resources Corp.	-12.66	-0.56
Brown & Brown, Inc.	-10.76	-0.26
Globus Medical, Inc.	-15.85	-0.19
Blue Owl Capital Inc.	-10.63	-0.16
Garmin Ltd.	-5.67	-0.15

Performance highlights

The fund outperformed its benchmark during the second quarter. Strong stock selection in the industrials, materials and consumer discretionary sectors was partially offset by weakness in financials.

Contributors to performance

The largest contributors to absolute return for the quarter were **Axon Enterprise**, **Palantir** and **Howmet Aerospace**.

Axon Enterprise develops products and services for military and law enforcement uses. Management reported strong quarterly results that were ahead of analysts' expectations.

Palantir builds AI-software data platforms for organizations to make decisions and run operations. In April, the stock rebounded in anticipation of favorable financial results. In May, management reported strong quarterly results that were ahead of expectations.

Howmet Aerospace is a leading producer of aero engine and industrial gas turbine components. Management reported solid quarterly results that beat expectations and raised guidance for fiscal year 2025 earnings and cash flow.

Detractors from performance

The largest detractors from absolute return for the quarter were **Targa Resources**, **Brown & Brown** and **Globus Medical**. **Targa Resources** provides midstream energy services. Given lower WTI crude oil prices and some producers announcing rig and capital expenditure reductions, investors appeared concerned that Permian crude oil and associated gas production growth could slow in late 2025 and 2026.

Brown & Brown is an insurance brokerage that underperformed during the quarter, likely for two reasons. First, there was a rotation within financials away from defensive groups like insurance and toward groups such as banks and capital markets. Second, there were rising fears that price increases for property/casualty insurance will be lower this year.

Globus Medical is a musculoskeletal medical device company. Management reported weak first quarter financial results due to a few issues. Although we still like the company's long-term prospects, we believe the near-term outlook is quite murky. We sold the position during the quarter.

Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/01/00	NAV	18.62	3.91	15.52	14.72	8.89	10.63	8.20
	Max. Load 5.5%	12.10	-1.80	9.16	12.58	7.66	10.01	7.96
Class R6 shares inception: 02/28/13	NAV	18.74	4.12	15.95	15.16	9.31	11.08	12.48
Class Y shares inception: 11/01/00	NAV	18.71	4.06	15.84	15.00	9.16	10.91	8.63
Russell Midcap Growth Index (USD)		18.20	9.79	26.49	21.46	12.65	12.13	-
Total return ranking vs. Morningstar Mid-Cap Growth category (Class A shares at NAV)		-	-	39% (212 of 494)	44% (234 of 479)	55% (229 of 446)	33% (125 of 367)	-

Expense ratios per the current prospectus: Class A: Net: 1.05%, Total: 1.05%; Class R6: Net: 0.67%, Total: 0.67%; Class Y: Net: 0.80%, Total: 0.80%.

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. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. 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 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	6.10	1.89	27.98	-6.42	38.96	40.11	18.87	-31.09	12.96	24.12
Class R6 shares at NAV	6.53	2.35	28.54	-6.02	39.52	40.73	19.27	-30.81	13.39	24.55
Class Y shares at NAV	6.28	2.15	28.37	-6.23	39.31	40.51	19.12	-30.92	13.24	24.41
Russell Midcap Growth Index (USD)	-0.20	7.33	25.27	-4.75	35.47	35.59	12.73	-26.72	25.87	22.10

Portfolio characteristics*

	Fund	Index
No. of holdings	80	276
Top 10 issuers (% of AUM)	22.60	20.39
Wtd. avg. mkt. cap (\$M)	43,318	36,562
Price/earnings	40.47	35.50
Price to book	9.68	12.01
Est. 3 – 5 year EPS growth (%)	17.62	15.85
ROE (%)	15.73	24.67
Long-term debt to capital (%)	44.16	51.40
Operating margin (%)	13.14	13.64

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-3.03	0.00
Beta	0.97	1.00
Sharpe ratio	0.29	0.47
Information ratio	-0.67	0.00
Standard dev. (%)	20.96	20.74
Tracking error (%)	5.65	0.00
Up capture (%)	88.95	100.00
Down capture (%)	103.38	100.00
Max. drawdown (%)	35.37	34.12

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.30	-0.26	-0.56
Consumer Discretionary	0.04	0.50	0.53
Consumer Staples	0.04	-0.11	-0.07
Energy	-0.09	0.20	0.11
Financials	-0.01	-0.77	-0.78
Health Care	-0.03	0.05	0.02
Industrials	-0.04	2.53	2.50
Information Technology	-0.30	0.30	0.00
Materials	-0.03	0.48	0.45
Real Estate	-0.08	-0.19	-0.27
Utilities	-0.31	-0.12	-0.43
Cash	-0.66	0.00	-0.66
Total	-1.78	2.63	0.85

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 06/30/25. Unless stated otherwise, Index refers to Russell Midcap Growth Index (USD).

The Russell Midcap® Growth Index is an unmanaged index considered representative of mid-cap growth stocks. The Russell Midcap Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

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 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.

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'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.

Active trading results in added expenses and may result in a lower return and increased tax liability.

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.

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.