

Invesco Discovery Mid Cap Growth Fund

Q1 2025

Key takeaways

- 1 The fund underperformed its benchmark in the first quarter**
The fund lagged its benchmark in the first quarter. Strong stock selection in materials, real estate and health care was offset by weakness in information technology (IT) and industrials.
- 2 US equity markets: a volatile start to 2025.**
Markets had a strong start, peaking in mid-February, before a sell-off. The reversal was largely driven by tariff uncertainty, mixed earnings results, economic and inflation concerns, and challenges to the artificial intelligence (AI) secular growth narrative.
- 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 opportunity 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) 5,556.09

Portfolio managers

Ronald Zibelli, Justin Livengood

Manager perspective and outlook

- Elevated policy uncertainty is challenging Invesco Growth Team's constructive outlook for US equities in 2025. The Trump administration's proposals for significant fiscal, regulatory and trade-related changes, as well as uncertain effects from the Department of Government Efficiency (DOGE) process, have seemingly triggered risk averse responses among consumers, investors and corporate leaders.
- As a result, the pace of economic activity has been slower than expected, as have been corporate projections for 2025 earnings growth. We are taking a more conservative approach to portfolio positioning pending improved clarity on policy outcomes.
- At the same time, many of the companies we specialize in have recently become much more interesting to us following price corrections.



Top issuers

(% of total net assets)

	Fund	Index
Cencora Inc	2.85	1.72
Targa Resources Corp	2.74	1.54
GoDaddy Inc	2.56	0.90
Howmet Aerospace Inc	2.42	0.11
Encompass Health Corp	2.37	0.00
Axon Enterprise Inc	2.24	1.36
Tradeweb Markets Inc	2.17	0.24
CyberArk Software Ltd	2.12	0.00
Ares Management Corp	2.10	0.97
Brown & Brown Inc	1.89	0.47

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

At quarter end, the fund's sector weights were fairly close to its benchmark (+/- 2% relative to benchmark's sector weights). The fund was slightly overweight in real estate and materials while underweight IT, consumer staples and communication services.

At the security level, we added and removed several stocks to reflect our desired positioning and upgrade the portfolio:

Buys

Palantir builds software platforms that help organizations use data to make decisions and run operations. We initiated a position at a weighting that aims to minimize a single stock negative impact on the portfolio's active risk positioning.

Verisk owns the world's largest database of insurance claims and licenses this data to insurance companies for use in underwriting decisions, as well as to a variety of other interested groups (lawyers, investors, etc.). The business is very resilient in our view, mostly domestic and highly profitable.

Check Point Software Technologies is a global leader in cybersecurity solutions, dedicated to protecting corporate enterprises and governments worldwide. We believe the new management team can accelerate revenue growth, which has been anemic in the past.

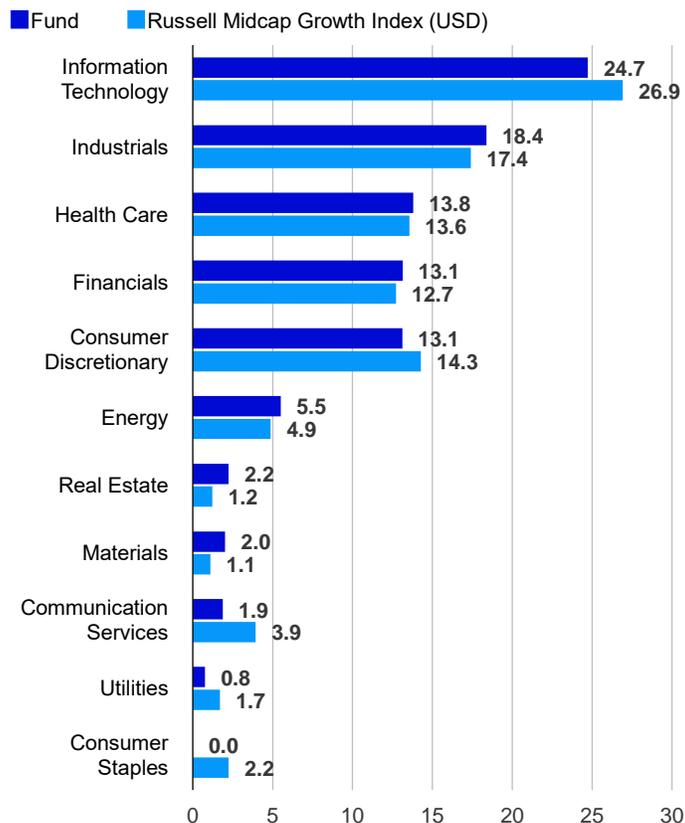
Sales

Trade Desk provides a demand-side platform (DSP) for advertisers to manage and optimize their digital advertising campaigns across various channels, including display, social, mobile and video. The quarter was challenging due to self-inflicted execution errors on multiple fronts, which came to a head in the fourth quarter and may have repercussions for a few more quarters.

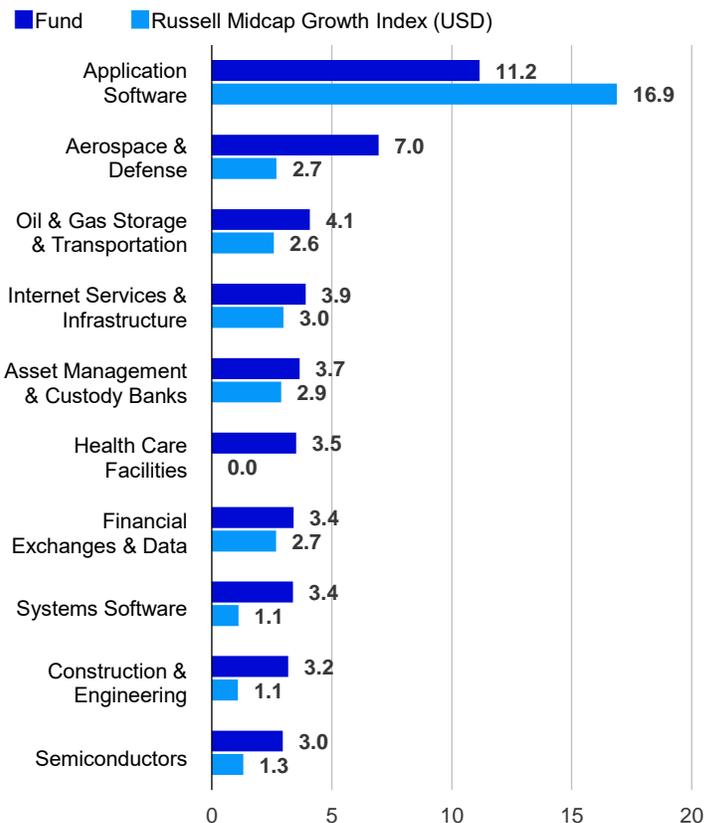
WW Grainger is a business-to-business distributor specializing in maintenance, repair and operating (MRO) supplies and related services. We sold the position to reduce the fund's short-cycle industrial exposure.

United Rentals is the largest construction equipment rental company in the US, serving commercial and industrial construction customers. We exited the position due to slowing trends following several years of strong demand and pricing post COVID.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Cencora, Inc.	24.05	0.41
Targa Resources Corp.	12.74	0.31
Spotify Technology S.A.	22.94	0.27
Howmet Aerospace Inc.	18.71	0.26
Brown & Brown, Inc.	22.11	0.22

Top detractors (%)

Issuer	Return	Contrib. to return
Trade Desk, Inc.	-48.69	-0.77
Astera Labs, Inc.	-54.95	-0.71
Vertiv Holdings Co.	-36.42	-0.58
Deckers Outdoor Corporation	-42.37	-0.55
Datadog, Inc.	-30.57	-0.54

Performance highlights

The fund lagged its benchmark in the first quarter of the year. Strong stock selection in materials, real estate and health care was offset by weakness in IT and industrials.

Underperformance can be categorized into three groupings:

- 1) Stocks not owned or underweight: A select group of stocks that had become abnormally large index weights outperformed, and the fund was underexposed to these stocks.
- 2) AI/AI-infrastructure related stocks: As previously highlighted, this is an area where we have been bullish, with exposure to a variety of stocks in the IT and industrials sectors that had sharp pullbacks.
- 3) Stocks that sold off on earnings/guidance: Many fund holdings had strong fundamental momentum going into earnings season. While reported fourth quarter results were generally solid, a number of holdings suffered due to conservative guidance.

Contributors to performance

The largest contributors to absolute return for the quarter were **Cencora**, **Targa Resources** and **Spotify**.

Cencora reported solid quarterly results and raised guidance. As a drug distributor, the company historically benefits from inflation and has been largely insulated from Medicare reimbursement changes for drugs.

Targa Resources is a leading midstream company. The stock outperformed due to its long-term trends of Permian gas growth, ability to take market share, emerging free cash flow flexibility, and what we see as strong management execution.

Spotify is an innovative and premium music streaming service providing access to songs, podcasts and videos. The stock performed well and has not been affected by the economic environment. Spotify also recently renegotiated content deals with the major labels, providing cost certainty for the next few years.

Detractors from performance

The largest detractors from absolute return for the quarter were **Trade Desk**, **Astera Labs** and **Vertiv**.

Trade Desk provides a demand-side platform (DSP) for advertisers to manage and optimize digital advertising campaigns across various channels. As noted above, the quarter was challenging due to self-inflicted execution errors that culminated during the fourth quarter and may have repercussions for a few more quarters.

Astera Labs is a semiconductor company that develops connectivity solutions for AI and cloud infrastructure. The stock fell due to broader declines in AI-related companies as DeepSeek, a lower cost Chinese AI model, challenged the AI secular growth narrative.

Vertiv provides critical digital infrastructure solutions, including power, cooling and IT infrastructure management, for data centers, communication networks, and commercial and industrial facilities. The stock also fell due to DeepSeek and apparent concerns about the secular growth narrative for AI.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/01/00	NAV	-12.40	-12.40	-6.29	0.66	11.09	8.91	7.54
	Max. Load 5.5%	-17.21	-17.21	-11.44	-1.22	9.84	8.30	7.29
Class R6 shares inception: 02/28/13	NAV	-12.31	-12.31	-5.93	1.05	11.51	9.35	11.16
Class Y shares inception: 11/01/00	NAV	-12.33	-12.33	-6.05	0.91	11.36	9.18	7.96
Russell Midcap Growth Index (USD)		-7.12	-7.12	3.57	6.16	14.86	10.14	-
Total return ranking vs. Morningstar Mid-Cap Growth category (Class A shares at NAV)		-	-	68% (337 of 496)	62% (278 of 480)	68% (278 of 446)	41% (139 of 357)	-

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	82	288
Top 10 issuers (% of AUM)	24.44	20.37
Wtd. avg. mkt. cap (\$M)	31,667	39,997
Price/earnings	34.07	31.15
Price to book	6.78	8.86
Est. 3 – 5 year EPS growth (%)	16.87	16.04
ROE (%)	16.77	26.18
Long-term debt to capital (%)	42.56	46.26
Operating margin (%)	14.22	16.46

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-2.90	0.00
Beta	0.97	1.00
Sharpe ratio	0.39	0.56
Information ratio	-0.67	0.00
Standard dev. (%)	21.79	21.71
Tracking error (%)	5.65	0.00
Up capture (%)	89.49	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	0.05	-0.30	-0.25
Consumer Discretionary	0.11	-0.44	-0.33
Consumer Staples	-0.03	-0.14	-0.18
Energy	0.00	-0.02	-0.01
Financials	-0.02	-0.27	-0.29
Health Care	-0.05	0.12	0.07
Industrials	-0.20	-1.64	-1.84
Information Technology	0.05	-2.85	-2.80
Materials	-0.01	0.16	0.15
Real Estate	0.01	0.12	0.12
Utilities	0.06	-0.02	0.04
Cash	0.31	0.00	0.31
Total	0.28	-5.28	-5.00

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 03/31/25. 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.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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 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.