

Invesco International Small-Mid Company Fund

Q1 2026

Key takeaways

1 **The fund underperformed its benchmark and peers for the quarter**
Class A shares underperformed the MSCI ACWI ex-US SMID Index and the Morningstar Foreign Small/Mid Growth peer group average during the quarter.¹

2 **Tariffs, technology spending and geopolitics appeared to shift focus from growth to inflation risks**
We believe non-cyclical characteristics and strong balance sheets can help limit companies' sensitivity to inflation pressures, supporting more resilient earnings and profit margins across economic environments.

3 **Flexibility during uncertainty**
This quarter we continued to take advantage of buying opportunities in global leaders that we believe are well positioned in industries experiencing strong structural demand. We sold positions in companies due to uneven execution or valuations that are no longer appealing to us.

Investment objective

The fund seeks capital appreciation.

Fund facts

Fund AUM (\$M) 2,425.42

Portfolio managers

David Nadel, Andrey Belov

Manager perspective and outlook

- Global equities experienced a volatile first quarter as renewed tariff measures, concerns about technology spending and geopolitical escalation in the Middle East appeared to shift investor focus from growth to inflation risks. Energy supply disruptions drove robust commodities performance, while equities broadly sold off amid heightened risk aversion and a stronger US dollar. Regional equity performance diverged. Japanese equities performed well, supported by a weaker yen and expectations of additional fiscal stimulus, while European equities declined amid rising energy costs. UK equities had a positive return, benefiting from commodities exposure and currency weakness. Emerging market equities edged lower despite strength in South Korea and Taiwan, as artificial intelligence-related (AI) optimism appeared to fade. US equities lagged amid increased scrutiny of technology valuations and capital expenditures. Both the technology sector and the broader global equity market weakened toward quarter end.

1. **3-month return as of 3/31/2026:** Invesco International Small-Mid Company Fund, Class A shares at NAV: -4.14%; Morningstar Foreign Small/Mid Growth peer group average: -1.86%.



Top issuers

(% of total market value)

	Fund	Index
Partners Group Holding AG	2.72	0.00
Bunzl PLC	1.98	0.08
Azbil Corp	1.96	0.03
Disco Corp	1.80	0.00
Advantech Co Ltd	1.70	0.04
Spirax Group PLC	1.68	0.05
VZ Holding AG	1.66	0.00
Kikkoman Corp	1.64	0.05
Raia Drogasil SA	1.64	0.05
Svenska Handelsbanken AB	1.60	0.00

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

Portfolio positioning

We are benchmark independent, bottom-up investors, focusing on company fundamentals rather than using a “top-down” perspective to overweight or underweight any sector or region. We seek companies we believe to be high quality growth compounders. Historically, they are consistently profitable, have high internal rates of return on their capital, can fund their operations and growth without financing, and have strong balance sheets.

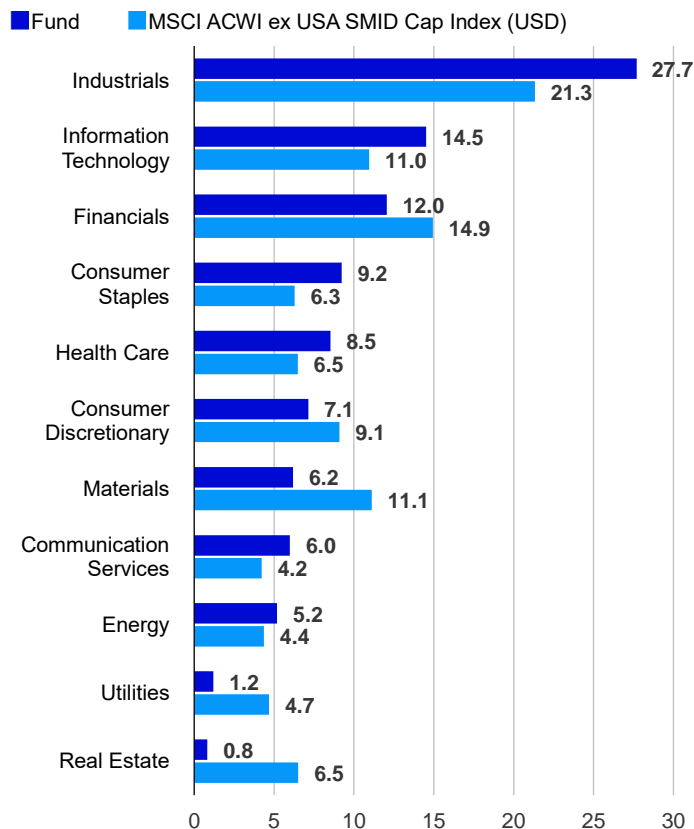
We added seven new positions during the quarter, five of which we can discuss at this time.

Allegion is a global leader of security products such as locks and access control systems. Access control systems are often protected by regulation, leading to stable and recurring cash flow. **Bajaj** is one of India’s most well-regarded holding companies with stakes in financial services businesses. As a holding company, it historically generates substantial and reliable dividend income, participates in growth and trades at a large discount to NAV (i.e. attractive for the sum-of-its-parts). **Bucher Industries** is one of India’s most well-regarded holding companies with stakes in financial services businesses. As a holding company, it historically generates substantial and reliable dividend income, participates in growth and trades at a large discount to NAV (i.e. attractive for the sum-of-its-parts). **SIKA** is a specialty chemicals company. It has a strong research and development track record and should in our view benefit from increasing infrastructure demand. **Vallourec** manufactures seamless steel pipes mainly used in oil and gas production, power generation and industrial applications.

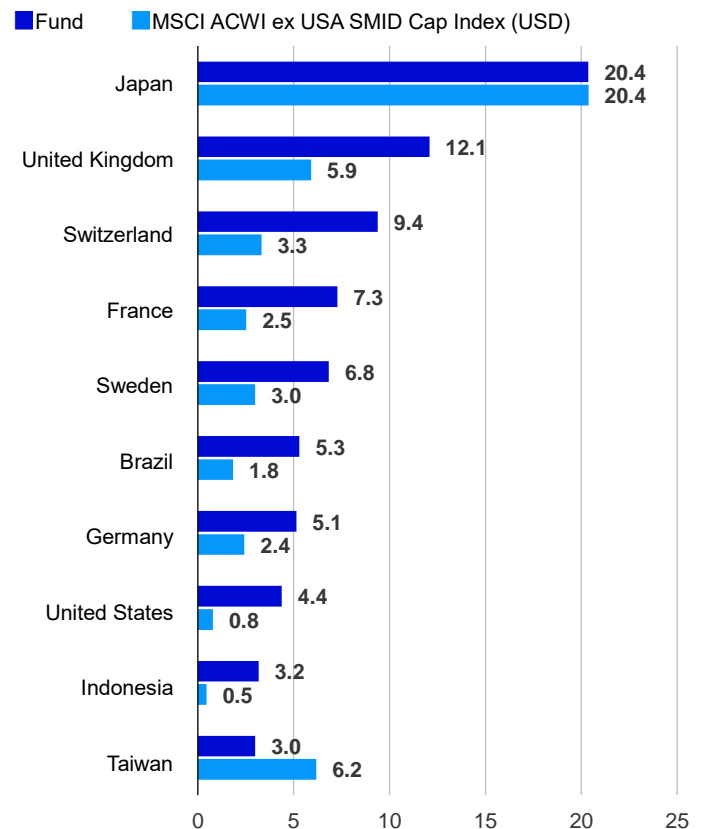
We sold several positions during the quarter.

We sold **AIB**, **Halma** and **Metro** due to valuations that we believe are no longer appealing. We prefer to allocate the capital to other opportunities. We sold **OdontoPrev** due to a merger agreement. **Greggs** in the UK runs a quick-serve fresh-food network with high brand awareness. Execution appears to have repeatedly disappointed investors and it appears management has not effectively communicated why. **MIPS** is the world’s leading supplier of interior safety systems for sports helmets. The shares have in our estimation become expensive despite declining margins due to reduced bicycle demand, the key driver of its helmet demand. **Systemex** in Japan specializes in equipment and consumables for blood testing. Systemex has had softer revenues during an awkward systems transition and has been experiencing challenges in China’s market. We prefer to allocate capital elsewhere. **Woolworths** is a higher-end food retailer in Australia that has been facing a tough competitive environment amid contentious labor relations.

Sector breakdown (% of total market value)



Top countries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
DISCO Corporation	34.21	0.55
Tenaris S.A.	51.31	0.31
Itausa SA	27.02	0.31
Sprott Inc.	46.29	0.24
Gaztransport & Technigaz SA	27.86	0.24

Top detractors (%)

Issuer	Return	Contrib. to return
Carl Zeiss Meditec AG	-36.90	-0.76
ChemoMetec A/S	-55.54	-0.72
CTS Eventim AG & Co. KGaA	-36.18	-0.59
ICON plc	-39.27	-0.41
OBIC Co., Ltd.	-21.82	-0.31

Performance highlights

The fund outperformed most in financials due to stock selection and an underweight. It also outperformed in real estate due to an underweight and in consumer staples due to stock selection.

The fund underperformed most in health care and information technology (IT) due to stock selection. An overweight and stock selection in communication services also detracted.

Contributors to performance

DISCO, based in Japan, is a leading provider of semiconductor cutting and grinding machinery. In our view, DISCO's more than 70% share in wafer slicing, dicing and polishing makes it a mission-critical supplier as chip complexity increases. Parts and services historically generate roughly half of revenues, supporting recurring cash flow.

DISCO reported record shipments and confidence in sustained AI-driven demand.

Tenaris manufactures high-performance steel pipes and related services for oil and gas drilling and industrial applications. Resilient drilling activity has supported steady demand, particularly in complex extraction environments.

Itausa is a Brazilian holding company with investments across financial, consumer and industrial sectors. Seemingly improved sentiment toward Brazilian equities and higher interest rates appeared to lead to strong profits and credit quality during the quarter.

Sprott is a Canadian asset manager. Performance benefited from higher investor demand for precious metal and natural resource strategies.

Gaztransport & Technigaz is a French engineering company specializing in liquefied natural gas (LNG) transport and storage technologies. Its exposure to LNG shipping has driven order momentum, while boosting earnings visibility and confidence in ongoing cash returns.

Detractors from performance

Carl Zeiss Meditec, based in Germany, is a global leader in ophthalmic and high-precision surgical equipment. We believe it is positioned to benefit from aging demographics and broader health care access, though management suspended guidance for the remainder of 2026.

ChemoMetec manufactures cell counters used in life-science research. Despite a challenging industry backdrop, its technology remains widely used in CAR-T therapies. Reduced guidance stemmed from slower platform adoption rather than long-term demand or fundamental concerns. We added to the position.

CTS Eventim, often called the "Ticketmaster of Europe," reported record revenues and margins, though conservative guidance led to a selloff. We viewed these pressures as temporary and added to the position.

ICON, an Ireland-based clinical research organization, disclosed that an audit committee review of revenue recognition was underway during the quarter.

OBIC, is a Japanese IT services provider for small- and mid-sized businesses. Digitalization and cloud adoption still support profit margins, though shares declined amid a broader software sector selloff.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/17/97	NAV	-4.14	-4.14	9.04	2.99	-1.00	6.21	10.32
	Max. Load 5.5%	-9.42	-9.42	3.04	1.07	-2.11	5.61	10.10
Class R6 shares inception: 12/29/11	NAV	-4.06	-4.06	9.45	3.37	-0.64	6.62	9.99
Class Y shares inception: 09/07/05	NAV	-4.08	-4.08	9.28	3.24	-0.77	6.47	9.04
MSCI ACWI ex USA SMID Cap Index (USD)		0.35	0.35	27.77	14.18	5.99	7.79	-
Total return ranking vs. Morningstar Foreign Small/Mid Growth category (Class A shares at NAV)		-	-	76% (88 of 112)	84% (93 of 108)	70% (70 of 97)	55% (39 of 83)	-

Expense ratios per the current prospectus: Class A: Net: 1.42%, Total: 1.42%; Class R6: Net: 1.01%, Total: 1.01%; Class Y: Net: 1.18%, Total: 1.18%.

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 sources: Invesco, 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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	-0.49	37.93	-9.46	24.78	24.78	13.86	-31.19	12.29	-6.45	16.74
Class R6 shares at NAV	-0.07	38.54	-9.09	25.28	25.23	14.26	-30.94	12.73	-6.11	17.19
Class Y shares at NAV	-0.24	38.30	-9.25	25.08	25.07	14.14	-31.02	12.57	-6.23	17.02
MSCI ACWI ex USA SMID Cap Index (USD)	3.57	30.35	-17.06	22.36	12.01	10.16	-19.49	15.79	3.49	30.74

Portfolio characteristics*

	Fund	Index
No. of holdings	100	5,248
Top 10 issuers (% of AUM)	18.38	2.70
Wtd. avg. mkt. cap (\$M)	9,814	10,268
Price/earnings	17.27	17.65
Price to book	2.82	1.78
Est. 3 – 5 year EPS growth (%)	8.17	11.54
ROE (%)	18.00	12.66
Long-term debt to capital (%)	20.57	27.18
Operating margin (%)	20.97	17.21

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-6.46	0.00
Beta	1.15	1.00
Sharpe ratio	-0.22	0.17
Information ratio	-0.79	0.00
Standard dev. (%)	19.79	15.58
Tracking error (%)	8.82	0.00
Up capture (%)	107.82	100.00
Down capture (%)	121.81	100.00
Max. drawdown (%)	41.76	31.23

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.14	-0.58	-0.72
Consumer Discretionary	0.11	-0.13	-0.02
Consumer Staples	-0.02	0.31	0.28
Energy	0.05	0.00	0.05
Financials	0.13	0.52	0.64
Health Care	-0.11	-2.11	-2.22
Industrials	0.11	-0.69	-0.58
Information Technology	0.17	-1.42	-1.25
Materials	-0.20	-0.28	-0.48
Other	0.00	0.00	0.00
Real Estate	0.29	0.03	0.32
Utilities	-0.26	-0.17	-0.42
Cash	-0.01	0.00	-0.01
Total	0.12	-4.52	-4.40

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	-0.01	-4.81	-4.82
Emerging	-0.01	0.43	0.43
Cash	-0.01	0.00	-0.01
Total	-0.02	-4.38	-4.40

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
India	0.83	0.32	-22.52
Argentina	0.36	0.85	51.31
Brazil	0.31	5.91	10.68
Netherlands	0.14	0.97	15.01
Finland	0.13	2.08	8.60

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Germany	-1.40	5.93	-23.19
Japan	-1.05	20.30	-1.29
Denmark	-0.95	1.85	-44.39
South Korea	-0.68	1.94	-11.41
Taiwan	-0.43	2.88	4.16

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

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

The MSCI All Country World ex USA SMID Cap Index is considered representative of small- and mid-cap stocks in developed and emerging markets, excluding the US. The indexes are computing using the net return, which withholds applicable taxes for nonresident investors. An investment cannot be made directly in an index.

About Risk

Stock and other equity securities values fluctuate in response to activities specific to the company as well as general market, economic and political conditions.

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.

Investments concentrated in a comparatively narrow segment of the economy may be more volatile than non-concentrated investments.

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.