

# Invesco International Small-Mid Company Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2022



### Investment objective

The fund seeks capital appreciation.

### Portfolio management

David Nadel

### Fund facts

Nasdaq	A: OSMAX	C: OSMCX Y: OSMYX
Total Net Assets	\$4,444,790,753	
Total Number of Holdings	122	

### Top holdings

	% of total net assets
Partners Group	2.22
Obic	2.07
Nice ADR	1.91
Azbil	1.81
Croda	1.66
Carl Zeiss Meditec	1.51
Ariake Japan	1.49
Spirax-Sarco Engineering	1.47
Disco	1.44
IPH	1.41

### Top contributors

	% of total net assets
1. Aveva	0.00
2. Triveni Turbine	0.68
3. Japan Elevator Service	1.11
4. Tecan	1.27
5. TOTVS	0.75

### Top detractors

	% of total net assets
1. ChemoMetec	0.86
2. Vitec Software	0.78
3. Partners Group	2.22
4. Christian Hansen	0.57
5. Rightmove	0.96

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

+ Equity markets started the quarter by extending the rebound that had begun in mid-June. However, that rally ended by mid-August and was followed by a brutal selloff. Equity and bond prices fell across the global. Central banks tightened monetary policy, and investors applied higher policy rates, higher discount rates and lower near-

term growth assumptions when valuing financial assets, driving prices lower. The smaller market capitalization segment of the equity market suffered more pain than the larger capitalization segment and, within the smaller segment, growth outperformed value.

### Positioning and outlook

+ Valuation multiples for equities, especially growth equities, have fallen this year as interest rates have risen and investors have applied higher discount rates to expected future earnings. During the recent quarter, we have seen earnings forecasts lowered as well. If the world is indeed entering - or has already entered - a slowdown, growth will become harder to find. In our view, companies that can provide profitable growth should be more valuable - and by a wider margin than has recently

been the case - compared to companies that cannot.

+ In the portfolio, we invest in companies that we believe to be high quality growth compounders. We will continue to practice our time-tested discipline: seeking to invest in consistently profitable companies that have high internal rates of return on their capital, can fund their operations without requiring bank financing and have strong balance sheets.

### Performance highlights

+ Invesco International Small-Mid Company Fund's Class A shares at net asset value (NAV) returned -11.02% for the third quarter, underperforming its benchmark, the MSCI All Country World ex-USA Small-Mid Cap Index, which returned -9.16%. The fund holds companies that are quality growth compounders; therefore, it underperformed as expected given the current market environment. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

+ During the third quarter, the fund outperformed the benchmark in the information technology sector due to stock selection, and in the real estate and utilities sectors due to its usual underweights in those sectors.

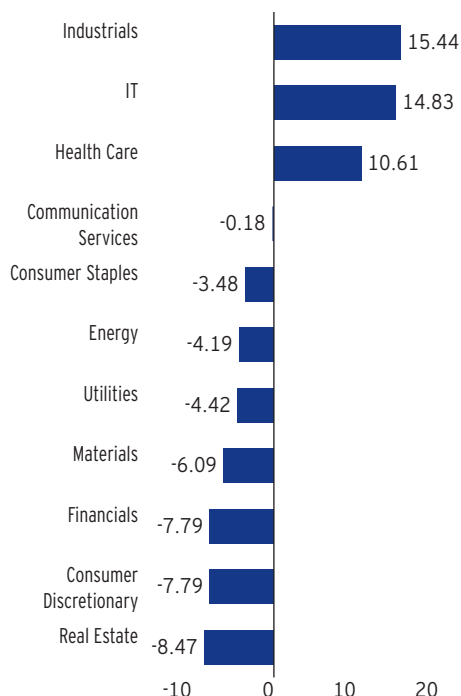
+ The top individual contributors to absolute return were **Aveva**, a specialized enterprise software provider, **Triveni Turbine**, a steam turbine and after sales service provider, **Japan Elevator Service**, an elevator and escalator manufacturing and service company, **Tecan**, a life sciences instrument and supply company, and **TOTVS**, a Brazil-based enterprise software provider.

### Detractors from performance

+ The fund underperformed most in the materials sector due to stock selection, in the health care sector due to its typical overweight, and in the consumer discretionary sector due to stock selection.

+ The largest individual detractors from absolute return were **ChemoMetec**, which produces instruments for organic cell analysis, **Vitec Software**, which specializes in energy management systems, **Partners**, a private equity firm, **Christian Hansen**, which provides organic additives to the food industry, and **Rightmove**, a UK real estate data company much like Zillow (not a fund holding) in the US.

**The fund's positioning versus the MSCI All Country World ex USA SMID Cap Index (% underweight/overweight)**



**Investment results**

Average annual total returns (%) as of Sept. 30, 2022

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index  MSCI All Country World ex USA SMID Cap Index
	Inception: 11/17/97	NAV	Inception: 11/17/97	NAV	Inception: 09/07/05	
	<b>Max Load 5.50%</b>		<b>Max CDSC 1.00%</b>			
Inception	10.21	10.46	10.18	10.18	8.93	-
10 Years	8.09	8.71	8.05	8.05	8.99	3.74
5 Years	-0.94	0.18	-0.57	-0.57	0.43	-1.25
3 Years	-4.89	-3.08	-3.81	-3.81	-2.85	-1.28
1 Year	-41.91	-38.53	-39.53	-38.99	-38.39	-28.85
Quarter	-15.91	-11.02	-12.06	-11.18	-10.97	-9.16

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.invesco.com/performance) 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, and you may have a gain or a loss when you sell shares. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges. 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.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.31	1.31	Dom Common Stock	1.29
Class C Shares	2.07	2.07	Intl Common Stock	97.20
Class Y Shares	1.07	1.07	Cash	1.51

Per the current prospectus

For more information you can visit us at [www.invesco.com/us](https://www.invesco.com/us)

Class Y shares are available only to certain investors. See the prospectus for more information.

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.

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

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 non-resident investors. An investment cannot be made directly in an index.

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**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.

Stock and other equity securities values fluctuate 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, 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 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 is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the fund.

***Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professionals for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus).***

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 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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.