



# Invesco Small Cap Growth Portfolio

## Quarterly Performance Commentary

CUSIPS: A:76222X828 C:76222X810 I:76222X778

### Investment objective

The portfolio seeks long-term growth of capital.

### Portfolio management

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Management is that of the underlying fund.

### Portfolio information

Total net assets	\$19,810,460
Total number of holdings	121

Holdings shown are that of the underlying fund.

### Top equity holdings

% of total net assets

Natera Inc	2.22
Saia Inc	1.64
Wingstop Inc	1.61
AZEK Co Inc/The	1.53
Guidewire Software Inc	1.44
CyberArk Software Ltd	1.30
Glaukos Corp	1.29
Construction Partners Inc	1.25
TMX Group Ltd	1.20
Onto Innovation Inc	1.18

Holdings are that of the underlying fund, subject to change and are not buy/sell recommendations.

### Top contributors

% of total net assets

1. Natera Inc.	2.22
2. Wingstop Inc.	1.61
3. Kinsale Capital Group Inc.	1.17
4. Saia Inc.	1.64
5. Shockwave Medical Inc.	1.03

Data shown is that of the underlying fund.

### Top detractors

% of total net assets

1. International Game Technology PLC	0.00
2. WESCO International Inc.	0.00
3. Freshworks Inc.	0.54
4. Globant S.A.	0.81
5. GXO Logistics Inc.	0.86

Data shown is that of the underlying fund.

Portfolio commentary provided is based on the underlying fund.

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

### Market overview

- US equities rallied in the first quarter. In February, the S&P 500 Index closed above 5,000 for the first time.
- The US economy defied recession predictions, achieving growth of 2.5% in 2023. The labor market remained robust, with continued payroll gains and historically low unemployment.
- Inflation, however, remained persistent. January and February increases in the Consumer Price Index (CPI) were higher than expected, leading the US Federal Reserve (Fed) to defer its proposed interest rate cuts to the second half of 2024.
- Forecasting a recession is difficult as labor market resilience and excess savings have offset negative economic data.
- The recent rally in low quality stocks signals to us that the market thinks the Fed has achieved a soft landing, is done raising interest rates, and is ready to pivot to monetary easing. However, we remain cautious.

### Performance highlights

- The portfolio's Class RZ units at net asset value (NAV) had a positive absolute return and outperformed its benchmark. (Please see the investment results table on page 2 for portfolio and index performance.)
- Stock selection in the consumer discretionary, industrials, health care, materials, consumer staples, energy and financials sectors added to relative return. An underweight in the materials sector also contributed to positive results.
- Stock selection in the information technology sector was the only detractor from relative results during the quarter.

### Contributors to performance

- **Natera** benefited from strong quarterly earnings results that reflected solid management execution and strong momentum in volume and profitability for its cancer diagnostic tools.
- **Wingstop** is a popular chicken wing take-out restaurant that has continued to benefit from robust same-store sales growth and greater market penetration as it has expanded into new locations.
- **Kinsale's** premium volume growth improved in the fourth quarter of 2023. Pricing and volume dynamics in the excess and surplus lines market within the property and casualty insurance sector have remained strong, and Kinsale has been a direct participant in this trend.
- **Saia** has been seeing both volumes and pricing benefit from the Yellow Corp. bankruptcy (not a portfolio holding).

### Detractors from performance

- **International Game Technology** was weak during the quarter, partly due to the pending spinoff of its lottery unit from the gaming unit, and also due to both its earnings results, which were in line with analyst estimates, and forward guidance that was conservative.
- **WESCO** stock struggled during the quarter after reporting sales expectations and earnings for the fourth quarter of 2023 that fell short of analyst estimates.
- **Freshworks** ended the quarter lower despite delivering earnings that exceeded consensus estimates. However, 2024 forward looking guidance was just in line with expectations, which was apparently perceived as a negative and hampered stock performance.
- **Globant** shares declined during the quarter after management's 2024 forward looking guidance was below analyst expectations.

### Positioning and outlook

- Relative to its benchmark, the portfolio is biased toward higher quality and larger market-cap stocks. Underweights include REITs, where we see lack of growth opportunities, and pharma/biotechnology, where we seek to manage the risk of binary events, i.e., developments that cause extreme gains or losses.
- Positioning changes result from bottom-up stock selection, while disciplined portfolio construction acts as a risk control and ensures alignment with small-cap sector exposure with modest over- and underweights. We scaled back some defensive positioning and introduced more cyclical, but we are aware of potential risks, so we seek to maintain balanced positioning. We see artificial intelligence as a significant technology trend with wide-ranging implications for technology investment, employment and productivity enhancements moving forward.

<b>Investment results</b>						
Average annual total returns (%) as of March 31, 2024						
Period	Class A units		Class C units		Class I units	Style-Specific Index
	Inception: 07/08/16 Max Load 3.50%	NAV	Inception: 07/08/16 Max CDSC 1.00%	NAV	Inception: 07/08/16 NAV	Russell 2000 Growth Index
Inception	9.16	9.75	9.24	9.24	10.02	-
5 Years	6.78	7.66	6.89	6.89	7.92	7.38
3 Years	-7.01	-5.74	-6.44	-6.44	-5.50	-2.68
1 Year	11.22	15.87	14.06	15.06	16.16	20.35
Quarter	5.77	10.20	9.10	10.10	10.28	7.58

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit [collegebound529.com](http://collegebound529.com). Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C units following one year from the date units were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Class I units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.  
Index source: Invesco

#### Asset mix (%)

Data shown is that of the underlying fund.

#### Expense ratios (%)

Class A units	1.11
Class C units	1.86
Class I units	0.86
Total annual asset-based fee per the current Program Description.	

#### Equity sector breakdown (% of total net assets)

IT	24.60
Industrials	23.20
Health Care	19.70
Consumer Discretionary	13.00
Financials	5.90
Consumer Staples	4.60
Energy	4.40
Materials	2.90
Real Estate	1.40
Communication Services	0.00
Utilities	0.00

Data shown is that of the underlying fund.

#### For more information you can visit us at [collegebound529.com](http://collegebound529.com)

Class I units are available only to certain investors. See the Program Description for more information.

The underlying 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.

The Russell 2000® Growth Index is an unmanaged index considered representative of small-cap growth 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.

The S&P 500® Index is an unmanaged index considered representative of the US stock market. An investment cannot be made directly in an index.

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

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## About risk

### Risks of the Underlying Holding

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.

Investments in real estate related instruments may

be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small- and mid-cap companies, and their shares may be more volatile and less liquid.

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 portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.

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***Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.***

***For more information about CollegeBound 529, contact your financial advisor, call 877-615-4116, or visit [www.collegebound529.com](http://www.collegebound529.com) to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing. Invesco Distributors, Inc. is the distributor of CollegeBound 529.***

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