

# Invesco Mid Cap Growth Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of Sept. 30, 2019



### Investment objective

The fund seeks capital growth.

### Portfolio management

Ronald Zibelli Jr., Justin Livengood

### Fund facts

Nasdaq	A: VGRAX	C: VGRGX
		Y: VGRDX
Total Net Assets	\$2,896,970,159	
Total Number of Holdings	91	

### Top holdings

	% of total net assets
O'Reilly Auto Parts	2.26
Synopsys	2.26
Bright Horizons Family Solutions	2.03
CoStar	2.02
Roper	2.01
Pool	1.88
TransDigm	1.86
IDEX	1.82
Ringcentral	1.78
Lululemon Athletica	1.77

### Top contributors

	% of total net assets
1. Lam Research	1.35
2. TransDigm	1.86
3. Chipotle Mexican Grill	1.56
4. Cintas	1.59
5. RingCentral	1.78

### Top detractors

	% of total net assets
1. Planet Fitness	0.74
2. Tractor Supply	1.02
3. Ulta Beauty	0.00
4. Twilio	0.88
5. Cooper	1.24

### Market overview

- + The Russell Midcap Growth Index declined marginally in the third quarter, returning -0.67%, as investors became concerned about rising geopolitical risk, changes in sentiment, energy sector volatility and slowing US and global economic growth.
- + Heightened volatility benefited equities that are so-called bond proxies, with real estate and consumer staples being the best performing sectors of the Russell Midcap Growth Index for the quarter.

### Positioning and outlook

- + Looking forward, we expect the US economy's growth rate to moderate from roughly 3% in 2018 to about 2% this year, while remaining stronger than many other global economies. The primary reasons for this slowdown are the Federal Reserve's prior interest rate increases, waning benefit from fiscal stimulus, weaker overseas economies and trade war fallout. Moderating economic growth and the anniversary of corporate tax cuts will combine to materially slow the pace of corporate earnings growth in 2019. Meanwhile, market volatility has increased from unusually low levels, partly due to political and policy turmoil in Washington D.C.
- + The equity market is currently stuck in a trading range. Slowing global economic growth and negative earnings revisions are impeding further progress, while the Fed's easier monetary policy and potential for trade negotiation success provide support. Although corporate earnings growth has stalled, the growth trajectory for the fund's holdings remains superior, with second quarter average earnings-per-share growth of 15%. We believe companies with strong secular growth profiles and US exposure will outperform those in cyclical industries and with high overseas exposure for the intermediate future.

### Performance highlights

- + The fund's Class A shares at net asset value (NAV) returned -0.64% for the quarter, slightly outperforming its index, which returned -0.67%. (Please see the investment results table on page 2 for fund and index performance.)
- + The fund's performance was mainly driven by stock selection in the health care and information technology sectors. This was offset by strong stock selection within the consumer sectors.

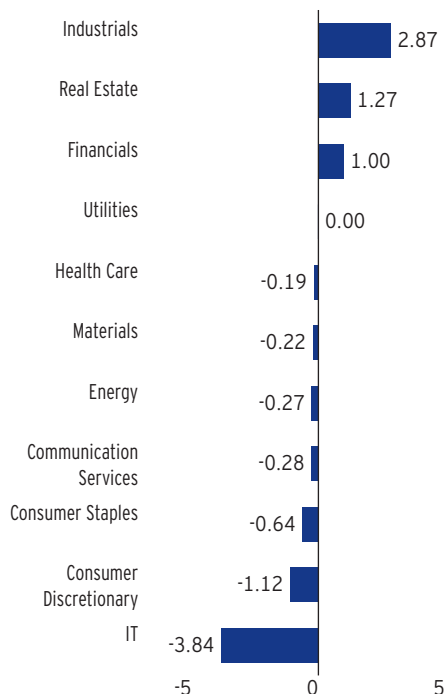
### Contributors to performance

- + **Lam Research** engages in the design and production of fabricated equipment for the semiconductor industry. **Lam** benefited from the spending outlook for Taiwan Semiconductor (not a fund holding), along with investors' rotation into cyclical stocks.
- + **TransDigm**, a leader in highly engineered, proprietary aircraft components and systems, delivered impressive fiscal third quarter results, driven by core end-markets, but primarily by newly acquired Esterline Technologies, which delivered performance considerably above expectations.
- + **Chipotle Mexican Grill**, which owns and operates fast casual, Mexican-inspired restaurants, reported an all-around strong second quarter with robust revenue growth and profit margins, while management raised expectations for future earnings growth.

### Detractors from performance

- + **Ulta Beauty**, the largest US beauty retailer, reported second quarter results that were moderately below expectations, driven by increased softness in the cosmetics market late in the second quarter. This slowdown continued in August, leading management to meaningfully reduce its guidance for fiscal 2019 comparable-store sales and earnings per share.
- + **Tractor Supply**, the leading "rural lifestyle" retailer, declined as uncertainty about third quarter trends and profit margins compared to the same period last year weighed on investor sentiment toward the company, which clouded its near-term risk/reward profile.
- + **Planet Fitness** operates and franchises low-cost fitness centers. The stock was weak during the quarter because the company fell modestly short of analyst estimates for same-store sales in the second quarter and because membership growth was below the company's internal expectations.

**The fund's positioning versus the Russell Midcap Growth Index (% underweight/overweight)**



**Investment results**

Average annual total returns (%) as of Sept. 30, 2019

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 12/27/95	NAV	Inception: 12/27/95	NAV	Inception: 08/12/05	
	<b>Max Load 5.50%</b>		<b>Max CDSC 1.00%</b>			<b>Russell Midcap Growth Index</b>
Inception	11.20	11.46	11.14	11.14	9.03	-
10 Years	10.62	11.25	10.45	10.45	11.53	14.08
5 Years	7.69	8.91	8.14	8.14	9.18	11.12
3 Years	9.71	11.80	11.01	11.01	12.07	14.50
1 Year	-2.92	2.72	1.18	2.04	2.98	5.20
Quarter	-6.11	-0.64	-1.75	-0.76	-0.58	-0.67

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. Performance includes litigation proceeds. Had these proceeds not been received, total return would have been lower. 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. Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.16	1.16	Dom Common Stock	97.19
Class C Shares	1.87	1.87	Intl Common Stock	1.43
Class Y Shares	0.91	0.91	Cash	1.40
Per the current prospectus			Other	-0.02

A negative in Cash or Other, as of the date shown, is normally due to fund activity that has accrued or is pending settlement.

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

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. 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.

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**About risk**

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.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

*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 advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.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. Advisors, 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.