

# Invesco Gold & Precious Metals Fund

## Quarterly Performance Commentary

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



### Investment objective

The fund seeks long-term growth of capital.

### Portfolio management

Norman MacDonald

### Fund facts

Nasdaq	A: IGDX	C: IGDCX
	Investor: FGLDX	Y: IGDYX
Total Net Assets	\$217,116,374	
Total Number of Holdings	45	
Annual Turnover (as of 04/30/19)	16%	
Distribution Frequency	Annually	

### Top holdings

	% of total net assets
Torex Gold Resources	5.81
Kinross Gold	5.34
Newmont Mining	5.07
Franco-Nevada	4.97
Continental Gold	4.92
Barrick Gold	4.91
Agnico-Eagle Mines	4.67
Sandstorm Gold	4.60
Wheaton Precious Metals	4.55
Lundin Gold	4.31

### Top contributors

	% of total net assets
1. Torex Gold Resources	5.81
2. Kinross Gold	5.34
3. Lundin Gold	4.31
4. Belo Sun Mining	0.38
5. Detour Gold	2.71

### Top detractors

	% of total net assets
1. Turquoise Hill Resources	2.16
2. Ivanhoe Mines	3.11
3. SEMAFO	2.97
4. Fresnillo	2.22
5. TMAC Resources	1.20

### Market overview

- + The third quarter saw modest gains for global stocks while emerging market stocks posted a loss.
- + Weakening global economic data and the ongoing US-China trade conflict contributed to higher market volatility as investors crowded into asset classes perceived to be safe havens, including US Treasuries and gold.
- + The Federal Reserve cut rates twice in the quarter and the European Central Bank and other central banks eased as well, providing a measure of support for risk assets.
- + The price of gold bullion averaged higher during the quarter at \$1,474 per troy ounce.

### Positioning and outlook

- + We maintain a constructive outlook for gold and precious metal prices given the historically low interest rate environment and increased geopolitical risks, though we expect further volatility given uncertainty associated with these factors.
- + Based on our marginal cost analysis, we still see more upside potential in gold equities than in gold bullion and the fund's weighting in gold bullion ETFs remained fairly low at quarter end.
- + We are comfortable with the fund's exposure to base metals through holdings of copper mining equities and diversified metals & mining equities.
- + We have maintained our discipline of selling stocks when they hit our target price and recycling cash proceeds into new investments we have identified.
- + We continue to focus on top tier companies with good management teams. This has led us to seek better opportunities among the mid-cap and junior miners compared to their large-cap counterparts.

### Performance highlights

- + Invesco Gold & Precious Metals Fund Class A shares at net asset value (NAV) had a positive return but underperformed its benchmark, the Philadelphia Gold & Silver Index. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

- + An underweight in the copper subsector benefited relative performance as this was the benchmark's worst performing subsector during the quarter. Security selection among gold equities also aided relative performance, but to a lesser extent.
- + **Torex Gold's** shares rose during the quarter as gold prices trended higher and after the company reported record production and free cash flow generation for the quarter. We still see significant value in **Torex** and believe the company is at an inflection point in its history as the combination of strong production and gold prices will lead to significant amounts of free cash flow and debt reduction. We expect industry consolidation due to contracting production forecasts among large producers and believe **Torex** is an attractive takeover target because of its strong free cash flow and exploration potential.

### Detractors from performance

- + The fund underperformed the benchmark primarily because of its exposure to diversified metals & mining equities, which are not in the benchmark, and, to a lesser extent, an underweight in silver equities.
- + Shares of **Turquoise Hill Resources** declined following an update on the development of its underground project at its Oyu Tolgoi mine. The company provided a range of potential delays and cost overruns to the schedule and budget. Though disappointed, we think the market reaction was excessive. We believe the current share price does not reflect the long-term intrinsic value of the asset, based on a site trip we completed in September 2019.

Top industries	% of total net assets
Gold	78.05
Diversified Metals & Mining	7.88
Precious Metals & Minerals	4.74
Silver	4.55
Copper	0.81

## Investment results

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

Period	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 03/28/02	NAV	Inception: 02/14/00	NAV	Inception: 01/19/84	NAV	
	<b>Max Load 5.50%</b>		<b>Max CDSC 1.00%</b>				<b>Philadelphia Gold &amp; Silver Index</b>
Inception	4.85	5.18	6.22	6.22	0.30	0.39	-
10 Years	-4.50	-3.95	-4.67	-4.67	-3.94	-3.74	-6.07
5 Years	-0.83	0.27	-0.47	-0.47	0.32	0.51	1.74
3 Years	-7.72	-5.96	-6.63	-6.63	-5.93	-5.74	-2.03
1 Year	19.10	25.87	24.24	25.24	26.02	26.23	35.62
Quarter	-3.62	2.05	1.06	2.06	2.03	2.00	5.08

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. The Investor Class shares have no sales charge; therefore, performance is at NAV. 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.

Index source: Lipper, Inc.

Expense ratios	% net	% total	Asset mix (%)
Class A Shares	1.49	1.49	Dom Common Stock 12.47
Class C Shares	2.24	2.24	Intl Common Stock 87.22
Investor Class Shares	1.49	1.49	Cash 0.64
Class Y Shares	1.24	1.24	Other -0.33

Per the current prospectus

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)

1 Source: Bloomberg L.P.

Class Y shares and Investor Class 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 Philadelphia Gold & Silver Index is a capitalization-weighted, price-only index on the Philadelphia Stock Exchange that includes the leading companies involved in mining gold and silver. 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**

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.

Fluctuations in the price of gold and precious metals may affect the profitability of companies in the gold and precious metals sector.

Appreciation in the market price of gold is the sole manner in which the fund can realize gains on gold bullion, and such investments may incur higher storage and custody costs as compared to purchasing, holding and selling more traditional 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.

**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.