

# Invesco European Growth 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

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### Fund facts

|                          |                 |          |
|--------------------------|-----------------|----------|
| Nasdaq                   | A: AEDAX        | C: AEDCX |
|                          | Investor: EGINX | Y: AEDYX |
| Total Net Assets         | \$1,261,711,946 |          |
| Total Number of Holdings | 56              |          |

| Top holdings           | % of total net assets |
|------------------------|-----------------------|
| Sberbank of Russia Pfd | 5.54                  |
| DCC                    | 4.71                  |
| Deutsche Boerse        | 3.34                  |
| Wolters Kluwer         | 2.87                  |
| MorphoSys              | 2.81                  |
| Investor               | 2.67                  |
| Philip Morris          | 2.44                  |
| MTU Aero Engines       | 2.39                  |
| SAP                    | 2.35                  |
| Allianz                | 2.34                  |

| Top contributors                      | % of total net assets |
|---------------------------------------|-----------------------|
| 1. Ultra Electronics                  | 2.32                  |
| 2. MorphoSys                          | 2.81                  |
| 3. Tupras-Turkiye Petrol Rafinerileri | 1.70                  |
| 4. Deutsche Boerse                    | 3.34                  |
| 5. MTU Aero Engines                   | 2.39                  |

| Top detractors               | % of total net assets |
|------------------------------|-----------------------|
| 1. SAP                       | 2.35                  |
| 2. Sberbank of Russia Pfd    | 5.54                  |
| 3. OC Oerlikon               | 1.20                  |
| 4. Micro Focus International | 0.00                  |
| 5. John Wood                 | 0.86                  |

### Market overview

- + Weakening global economic data and ongoing US-China trade conflict contributed to higher market volatility in the third quarter.
- + Global recession concerns caused a sharp equity selloff in August as investors crowded into asset classes perceived to be safe havens, including US Treasuries and gold.
- + In September, both the Federal Reserve and European Central Bank cut interest rates, providing a measure of support for risk assets. Growing optimism about a potential trade deal also boosted equities in September.
- + However, except for the US and Japan, most regions declined during the quarter.

### Positioning and outlook

- + We initiated two new positions during the quarter, Ireland-based health care company **ICON** and Netherlands-based energy company **SBM Offshore** (0.78% and 0.75% of total net assets, respectively). We exited positions in Germany-based industrials company **GEA Group** and UK-based information technology company **Micro Focus International** (both 0.00% of total net assets).
- + We hope that investor sentiment will eventually rotate back in favor of European equities as their valuation levels are now close to five-year lows and at a major discount to US equities.
- + Regardless of the macroeconomic environment, we remain focused on applying our well-established, long-term, bottom-up Earnings, Quality, Valuation (EQV) investment process that seeks to identify attractively valued, high-quality growth companies.

### Performance highlights

- + Invesco European Growth Fund Class A shares at net asset value (NAV) declined during the quarter but outperformed its benchmark index. (Please see the investment results table on page 2 for fund and index performance.)

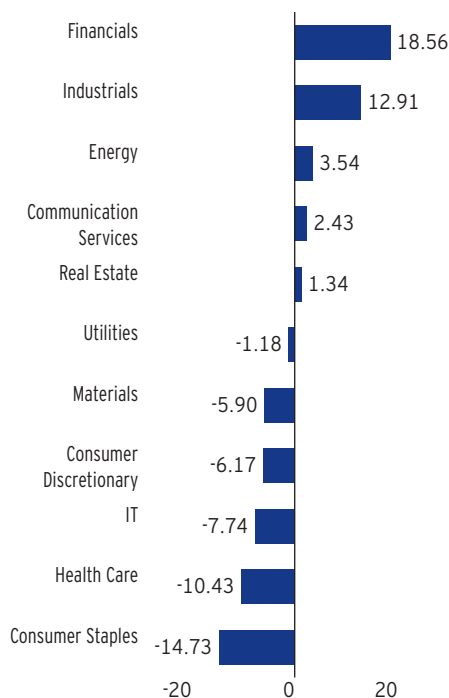
### Contributors to performance

- + Relative outperformance was primarily driven by stock selection and an underweight in the consumer discretionary sector. Within the sector, Ireland-based bookmaking company **Flutter Entertainment** (formerly Paddy Power Betfair) was a notable contributor (1.14% of total net assets).
- + The fund's holdings in the industrials sector outperformed those of the benchmark index and added to relative return. Germany-based **MTU Aero Engines** was among the largest contributors during the quarter.
- + Geographically, stock selection in Germany was the largest contributor to relative performance. Exposure to Turkey, which is not represented in the benchmark index, added to both absolute and relative results as well.
- + **Ultra Electronics** was the fund's leading individual contributor for the quarter. The UK-based defense contractor benefited from solid revenue growth driven by strong US defense spending. The company also made progress on a number of strategic initiatives and won contracts for a number of key new programs, which could have significant long-term growth potential.

### Detractors from performance

- + The fund's holdings in the consumer staples sector outperformed those of the benchmark index, but an underweight in the positive-performing sector detracted from relative return.
- + Stock selection in the information technology sector also detracted from relative performance. UK-based **Micro Focus International** was a key detractor within the sector. We had been steadily trimming the fund's position since 2017 and sold the remaining small position after a profit warning in August.
- + Geographically, stock selection in Switzerland and the Netherlands hampered relative return. Underweights in both countries were a further drag on relative results.
- + German software products maker **SAP** was the largest individual detractor for the quarter, as investors were concerned about disappointing second quarter results. Despite the weak results, management indicated that the pipeline for deals remains strong. We added to the fund's position on share price weakness because we believe this is a very high-quality business with high recurring revenues that could benefit from an improved product cycle plus structural growth in cloud storage and computing.

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



**Investment results**

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

| Period    | Class A Shares<br>Inception: 11/03/97<br>Max Load 5.50% |       | Class C Shares<br>Inception: 11/03/97<br>Max CDSC 1.00% |       | Investor Class Shares<br>Inception: 09/30/03 | Class Y Shares<br>Inception: 10/03/08 | Style-Specific Index<br>MSCI Europe Growth Index |
|-----------|---|-------|---|-------|--|---------------------------------------|--|
|           | NAV   | NAV   | NAV   | NAV   | NAV  |                                       |  |
| Inception | 9.03  | 9.31  | 8.97  | 8.97  | 8.62   | 6.75                                  | -  |
| 10 Years  | 5.95  | 6.55  | 5.76  | 5.76  | 6.59   | 6.82                                  | 6.75   |
| 5 Years   | 1.96  | 3.12  | 2.36  | 2.36  | 3.18   | 3.39                                  | 4.89   |
| 3 Years   | 2.88  | 4.84  | 4.07  | 4.07  | 4.91   | 5.12                                  | 7.55   |
| 1 Year    | -5.20   | 0.32  | -1.40   | -0.41 | 0.40   | 0.60                                  | 3.63   |
| Quarter   | -6.33   | -0.89 | -2.06   | -1.07 | -0.89  | -0.81                                 | -1.26  |

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: FactSet Research Systems Inc.

| Expense ratios        | % net | % total | Asset mix (%)           |
|-----------------------|-------|---------|-------------------------|
| Class A Shares        | 1.36  | 1.37    | Dom Common Stock 2.44   |
| Class C Shares        | 2.11  | 2.12    | Intl Common Stock 90.13 |
| Investor Class Shares | 1.31  | 1.32    | Cash 6.90               |
| Class Y Shares        | 1.11  | 1.12    | Other 0.53              |

Per the current prospectus  
Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2020. See current prospectus for more information.

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

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. The MSCI Europe Growth Index is an unmanaged index considered representative of European growth stocks. 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.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified funds.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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.