

Invesco American Franchise Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Dec. 31, 2022



Investment objective

The fund seeks long-term capital appreciation.

Portfolio management

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Fund facts

Nasdaq	A: VAFAX	C: VAFCX Y: VAFIX
Total Net Assets	\$10,135,176,090	
Total Number of Holdings	87	

Top holdings

	% of total net assets
Microsoft	9.83
Amazon	5.44
Apple	5.43
Alphabet 'A'	4.56
Visa 'A'	4.24
Nvidia	3.41
UnitedHealth	3.07
Bayer	2.92
AbbVie	1.69
Teledyne Technologies	1.53

Top contributors

	% of total net assets
1. Schlumberger	1.47
2. Visa	4.24
3. Horizon Therapeutics	0.00
4. Lockheed Martin	1.40
5. Microsoft	9.83

Top detractors

	% of total net assets
1. Amazon	5.44
2. Alphabet	4.56
3. Tesla	0.18
4. Trade Desk	0.55
5. Apple	5.43

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

Market overview

- + US equity markets posted gains for the fourth quarter as better inflation data sparked a rally in October and November. However, Federal Reserve remarks sent equities lower in December and US stocks ended the year with their worst annual return since 2008.
- + As energy prices fell, the inflation rate slowed in the fourth quarter. Meanwhile, estimates of third quarter real GDP (gross domestic product) growth were higher than anticipated.
- + The unemployment rate rose during the quarter,

- but the overall labor market remained tight.
- + Corporate earnings generally met expectations, though future guidance was cautious.
- + With inflation still at multi-decade highs and little evidence of a slowing economy, the Fed raised the target federal funds rate by 0.75% in November and by 0.50% in December, marking its highest level in over a decade. The Fed indicated rates would remain higher until it is "confident" that inflation is under control.

Positioning and outlook

- + The fund's largest overweights include communication services, primarily video game developers which offer lower relative beta and are fairly recession-resistant, and health care, given defensive characteristics during economic slowdowns. IT is the largest underweight.
- + We believe inflation has peaked and will continue to cool, especially as consumers and enterprises scale back amid tighter conditions. We expect the economy will slow and growth will become scarce.
- + When broad economic growth becomes scarce, companies that can grow via their own

- fundamental merit, such as through disruption and market share shifts, tend to have an advantage, in our opinion.
- + However, we believe tighter financial conditions, increased technology regulation and significant commodity constraints will be headwinds.
- + As a result, we are cautious on cash flows and margin stability currently and continue to evaluate the likelihood for earnings revisions.
- + Looking forward, we see compelling opportunities for secular growers at attractive valuations.

Performance highlights

- + The fund's Class A shares at net asset value (NAV) had a positive return and outperformed the Russell 1000 Growth Index for the quarter. (Please see the investment results table on page 2 for fund and index performance.)
- + Stock selection in the consumer discretionary, energy, communication services and materials sectors added to relative return, as did overweights in health care and energy.
- + Stock selection in information technology (IT) and real estate detracted from relative return.
- + An underweight in consumer staples, an overweight in communication services and ancillary cash also hurt relative return.

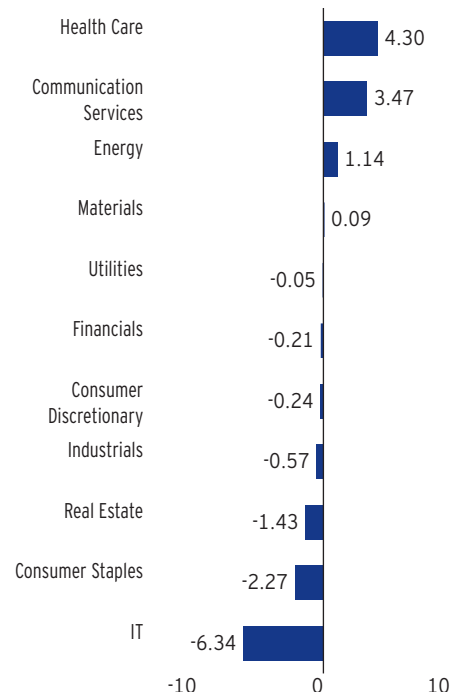
Contributors to performance

- + Energy was the strongest performing sector for the quarter and **Schlumberger** has been a key beneficiary in the ramping up of energy production.
- + **Visa's** earnings results beat consensus estimates for the fourth quarter and the full year as consumer spending (especially cross-border volume) remained strong despite inflation and rising interest rates.
- + **Horizon Therapeutics** announced a takeover by Amgen (not a fund holding) during the quarter. We sold the position following the announcement.

Detractors from performance

- + **Amazon** came under pressure following its third quarter earnings report, which included slower-than-expected growth in Amazon Web Services (AWS) and weaker AWS profit margins due to rising wage and energy costs. **Amazon** also provided lower fourth quarter guidance that implied retail slowing into the holidays. Recent checks suggest management's outlook may have been too conservative.
- + The NFL and Google announced a multi-year agreement for Google's YouTube TV to be the exclusive distributor for NFL Sunday Ticket. We believe Google's parent company **Alphabet** may have overpaid and will need to make up the difference in ads or risk compression of its profit margins.
- + **Tesla** shares fell due to electric vehicle price cuts in China to stimulate demand, potential for more US price cuts given weakening demand, and the diversion of Elon Musk's investment and attention to Twitter.

The fund's positioning versus the Russell 1000 Growth Index
(% underweight/overweight)



Investment results

Average annual total returns (%) as of Dec. 31, 2022

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 06/23/05	Inception: 06/23/05	Inception: 06/23/05	Inception: 06/23/05	Inception: 06/23/05	
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	Russell 1000 Growth Index
Inception	8.31	8.66	8.31	8.31	8.92	-
10 Years	10.84	11.47	10.80	10.80	11.75	14.10
5 Years	6.33	7.54	6.73	6.73	7.81	10.96
3 Years	1.15	3.07	2.30	2.30	3.33	7.79
1 Year	-34.92	-31.14	-32.27	-31.65	-30.99	-29.14
Quarter	-2.94	2.70	1.60	2.53	2.74	2.20

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. Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	0.97	0.97	Dom Common Stock	88.76
Class C Shares	1.72	1.72	Intl Common Stock	9.11
Class Y Shares	0.72	0.72	Cash	1.80
Per the current prospectus			Other	0.33

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

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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 Russell 1000® Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000 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.

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 considered non-diversified and may experience greater volatility than a more diversified investment.

Investments concentrated in a comparatively narrow segment of the economy may be more volatile than non-concentrated investments.

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](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. 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.