

Invesco American Franchise Fund

Q4 2025

Key takeaways

- 1 The market experienced a period of digestion**

Growth equities underperformed value during the quarter after outperforming since the Trump administration's April 2nd tariff announcements, as markets adjusted to the reality that AI funding would require companies to raise capital on an ongoing basis.
- 2 Massive capital spending on AI is creating opportunities and challenges**

We believe the AI investment cycle is still in its early innings and may involve potential for shorter term volatility.
- 3 We believe active management will be important in this environment**

Strategic stock selection will be particularly crucial in navigating this market environment and the AI innovation wave, in our opinion.

Investment objective

The fund seeks long-term capital appreciation.

Fund facts

Fund AUM (\$M) 17,493.44

Portfolio managers

Ido Cohen, Ronald Zibelli

Manager perspective and outlook

- US equities saw renewed volatility in the fourth quarter amid economic crosscurrents and mixed investor sentiment toward artificial intelligence (AI) valuations and AI-related spending.
- The longest government shutdown in US history further dampened confidence, as key economic data were delayed. Once released, the initial third-quarter GDP estimate showed robust growth of 4.3%. However, labor market conditions softened.
- Consumer spending remained resilient but showed signs of strain among lower income households. Inflation moderated but stayed above the US Federal Reserve's (Fed) 2% target.
- Against this backdrop, the Fed cut the federal funds rate twice during the quarter, lowering the target range to 3.50% - 3.75%.
- We have a constructive outlook for US equities, supported by a resilient economy, strong corporate profits, reduced regulatory burdens, tax cuts and tax credits, as well as Fed interest rate cuts.
- If 2025 was about building the AI foundation, we believe 2026 is poised to be about scaling and monetizing AI across the global economy.
- Despite potential for short-term volatility, we believe AI will be one of the largest investment cycles of the last 100 years and we estimate this cycle is still in its early innings, particularly when viewed through the lens of forward growth.
- As always, we remain agile and data-driven, ready to adjust fund positioning as conditions evolve.



Top issuers

(% of total market value)

	Fund	Index
NVIDIA Corp	12.58	12.22
Microsoft Corp	8.75	10.15
Alphabet Inc	7.06	6.24
Amazon.com Inc	6.87	4.54
Broadcom Inc	5.63	4.74
Apple Inc	5.36	11.13
Meta Platforms Inc	4.42	3.65
AppLovin Corp	3.38	0.53
Tesla Inc	3.34	3.81
Taiwan Semiconductor Manufacturing Co Ltd	2.32	0.00

As of 12/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

At quarter end, the fund's largest overweights were in industrials, energy and communication services. Within the industrials and energy sectors, AI-related energy demand continues to drive electrical infrastructure and power generation supply chain spending. The fund's industrials exposure also includes companies poised to benefit from higher global defense spending. We favor communication services for its AI-driven monetization potential. The largest underweight was health care, due to loss of Affordable Care Act subsidies and reduced health care insurance expected in 2026. Information technology (IT) is also an underweight due to substantial underweights in Apple and Microsoft, relative to their very large index weights. Financials, which should benefit from stimulus from tax cuts and bank deregulation, was close to equal weight.

New Positions

Argenx We sought to increase biotech exposure with what we consider the best large-cap option. We believe Argenx is catalyst rich over the next six months, with five phase III FDA readouts coming, and should also benefit from lower interest rates.

Caterpillar Power is 25% of company equipment sales, which is ideal for the backup and bridge power applications data center hyperscalers need for the AI build-out. Mining is also an important market for the company and the recent bid for metals will be a tailwind for investment. Lower interest rates are another tailwind.

Interactive Brokers Group This leading multinational electronic brokerage firm benefits from the tailwind of market volatility and increased use of digital tokens to represent real-world assets.

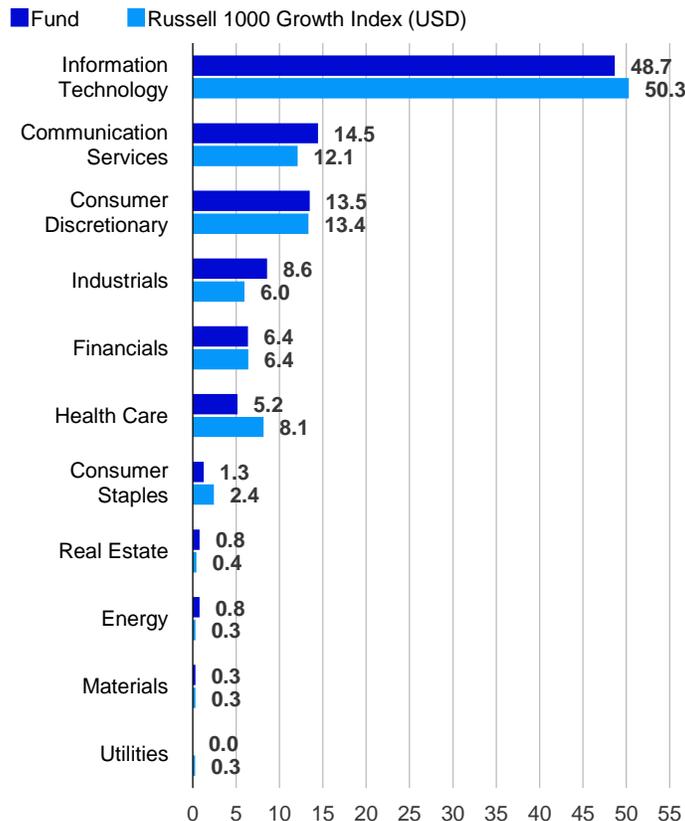
Notable Sales

KKR and Blackstone Stocks of alternative asset managers like KKR and Blackstone have been struggling technically and have tended to decline when there are credit concerns, which is increasingly likely. Also, neither KKR nor Blackstone will benefit from growing use of digital tokens, which we see as an important theme for 2026.

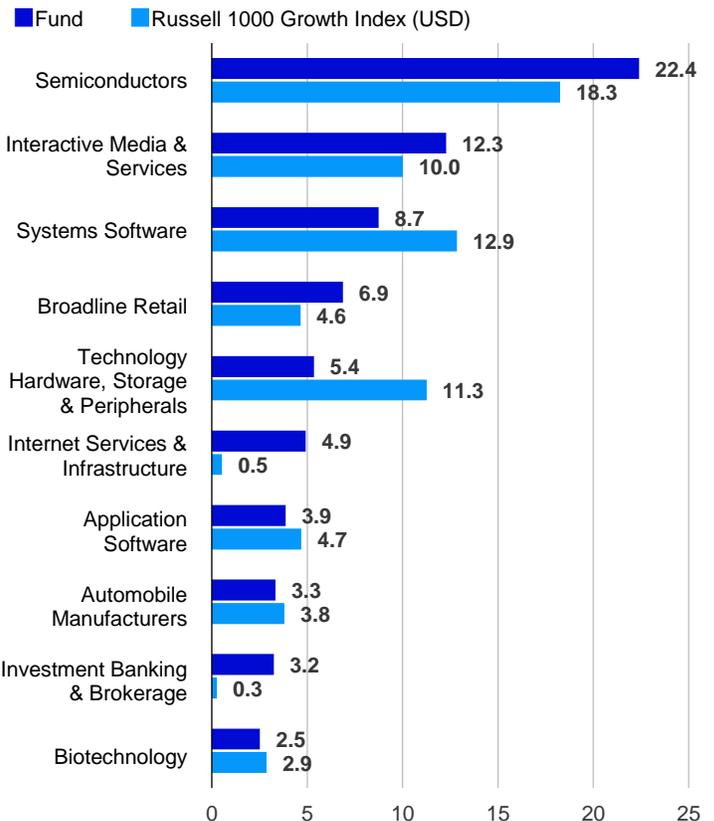
Oracle Oracle may not see clarity on its partner investments for some time. Also, it has a much higher legacy debt load than other companies in the database solutions space. We rotated this capital to chip maker **Advanced Micro Devices** following its strong analyst day.

Boston Scientific Boston Scientific makes minimally invasive medical devices such as pacemakers, catheters and stents. We still like the company, but we thought the bulk of its growth was behind it for the time being and sold the position in favor of stocks where we had higher conviction.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Alphabet Inc.	28.84	1.38
Lam Research Corporation	28.05	0.28
Apple Inc.	6.87	0.27
Broadcom Inc.	5.11	0.23
Amazon.com, Inc.	5.12	0.18

Top detractors (%)

Issuer	Return	Contrib. to return
Microsoft Corporation	-6.45	-0.61
Meta Platforms, Inc.	-10.04	-0.58
Coinbase Global, Inc.	-32.99	-0.58
Oracle Corporation	-29.21	-0.50
Netflix, Inc.	-21.80	-0.49

Performance highlights

The fund had a negative return for the quarter and underperformed its benchmark. Stock selection in financials, IT, health care and communication services were key detractors. An underweight in health care also hurt. Conversely, stock selection in industrials, energy and real estate, as well as an overweight in communication services, added to relative return.

Contributors to performance

Alphabet Alphabet will sell TPUs (tensor processing units) to Meta for its large-scale AI workloads, expanding Alphabet's total addressable market and diversifying Meta's reliance away from NVIDIA GPUs. Google also unveiled Nano Banana Pro, an image generation and editing model built on Gemini 3.

Lam Research designs semiconductor manufacturing equipment, enabling advanced chip production. Strong results stemmed from robust AI-driven chip demand and AI investments despite sector volatility.

Apple benefited from strong iPhone sales, growth in services like iCloud and Apple Music, and robust holiday demand for AI-powered devices.

Broadcom gains reflected strong quarterly earnings, robust AI chip demand and expanding software margins, which appeared to boost investor confidence despite sector volatility. Strategic partnerships and record free cash flow reinforced bullish sentiment.

Amazon.com beat earnings expectations with acceleration in AWS (Amazon Web Services) cloud growth. Amazon has also benefited from significant AI infrastructure

investments and positive sentiment toward its investment in Anthropic (not a fund holding), which signaled its renewed competitiveness in cloud and AI markets.

Detractors from performance

Microsoft's stock weakness stemmed from slowing personal computer demand, higher AI infrastructure costs and cautious enterprise spending despite strong cloud adoption.

Meta Platforms shares fell after earnings showed a sharp profit drop from a one-time tax charge. Strong revenue was overshadowed by higher AI infrastructure spending, cautious 2026 expense guidance and Reality Labs losses tied to Quest VR and AI glasses research and development.

Coinbase Global stock was weak due to crypto trading volumes and a bitcoin selloff. We believe the long-term outlook remains positive given rising institutional interest, lighter regulation and stablecoin growth via Circle (not a fund holding) for merchant adoption.

Oracle saw slower cloud growth due to intense competition, delayed enterprise AI spending and slower migration of legacy workloads amid cautious IT budgets. We sold the stock during the quarter due to higher debt levels and uncertainty about partner investments.

Netflix and Paramount (not a fund holding) are in a high stakes bidding war, primarily for Warner Bros. Discovery (not a fund holding). Antitrust review could take 18 months, which means Netflix will likely be in limbo for the time being. We reduced the position.

Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/23/05	NAV	-2.96	11.56	11.56	28.42	10.28	14.73	11.35
	Max. Load 5.5%	-8.28	5.42	5.42	26.03	9.04	14.08	11.04
Class R6 shares inception: 09/24/12	NAV	-2.87	11.93	11.93	28.84	10.65	15.15	15.07
Class Y shares inception: 06/23/05	NAV	-2.91	11.85	11.85	28.74	10.56	15.02	11.62
Russell 1000 Growth Index (USD)		1.12	18.56	18.56	31.15	15.32	18.13	-
Total return ranking vs. Morningstar Large Growth category (Class A shares at NAV)		-	-	80% (868 of 1082)	50% (486 of 1007)	68% (619 of 939)	61% (481 of 760)	-

Expense ratios per the current prospectus: Class A: Net: 0.93%, Total: 0.93%; Class R6: Net: 0.61%, Total: 0.61%; Class Y: Net: 0.68%, Total: 0.68%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) 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 so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. Index source: RIMES Technologies Corp. Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	2.01	27.10	-3.78	36.52	42.18	11.85	-31.14	40.91	34.73	11.56
Class R6 shares at NAV	2.51	27.60	-3.43	37.10	42.69	12.22	-30.89	41.36	35.19	11.93
Class Y shares at NAV	2.34	27.37	-3.50	36.79	42.56	12.15	-30.99	41.27	35.06	11.85
Russell 1000 Growth Index (USD)	7.08	30.21	-1.51	36.39	38.49	27.60	-29.14	42.68	33.36	18.56

Portfolio characteristics*

	Fund	Index
No. of holdings	53	391
Top 10 issuers (% of AUM)	59.71	59.34
Wtd. avg. mkt. cap (\$M)	1,859,356	2,025,175
Price/earnings	38.68	36.64
Price to book	11.48	14.73
Est. 3 – 5 year EPS growth (%)	21.93	20.18
ROE (%)	33.75	41.66
Long-term debt to capital (%)	30.43	34.59
Operating margin (%)	29.49	32.58

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-4.19	0.00
Beta	0.99	1.00
Sharpe ratio	0.37	0.66
Information ratio	-1.04	0.00
Standard dev. (%)	18.89	18.41
Tracking error (%)	4.87	0.00
Up capture (%)	79.56	100.00
Down capture (%)	102.41	100.00
Max. drawdown (%)	35.12	30.66

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.06	-0.61	-0.55
Consumer Discretionary	-0.01	-0.10	-0.11
Consumer Staples	0.04	0.02	0.05
Energy	-0.01	0.06	0.05
Financials	-0.04	-1.00	-1.04
Health Care	-0.48	-0.71	-1.19
Industrials	-0.08	0.09	0.01
Information Technology	0.04	-0.99	-0.94
Materials	0.00	0.01	0.01
Real Estate	-0.04	0.06	0.02
Utilities	-0.12	-0.05	-0.18
Cash	0.00	0.00	0.00
Total	-0.64	-3.23	-3.87

Holdings are subject to change and are not buy/sell recommendations. Attribution methodology notes: The attribution provides analysis of the effects of several portfolio management decisions, including allocation and security selection. Securities classified as "Other" may include non-equity securities, derivatives, and securities for which a sector classification may not be appropriate. The portfolio is actively managed and portfolio holdings are subject to change. The percentage weights represented for the portfolio are dollar weighted based on market value. **Market allocation effect** shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Selection effect** shows the excess contribution due to security selection. A positive selection effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Total effect** is the difference in contribution between the benchmark and portfolio. **Past performance does not guarantee future results.**

Unless otherwise specified, all information is as of 12/31/25. Unless stated otherwise, Index refers to Russell 1000 Growth Index (USD).

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

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.

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.

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.

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 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.

* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period. **Weighted Average Market Cap** is a measure of the average size of company held in a portfolio. The percentage of the portfolio invested each company, or its weight, is multiplied by its size (market capitalization). An average of the weighted size of all companies held is then calculated. **Price/earnings** measures the price per share relative to the earnings per share of the company while excluding extraordinary items. **Price to book** measures the firm's capitalization (market price) to book value. **Est. 3-5 year EPS (Earning per share) growth** measures the earning per share growth from FY3 to FY5. **ROE** is the Return on Equity that measures the fund's annual return relative to total shareholders' equity. This ratio evaluates how quickly investments can be turned into profits. **Long-term debt to capital** measures a fund's financial leverage by calculating the proportion of long-term debt used to finance its assets relative to the amount of equity used for the same purpose. A higher ratio indicates higher leverage. **Operating margin** measures the profit a fund makes for every dollar of sales after paying the variable expenses. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.