

Invesco American Franchise Fund

Q1 2026

Key takeaways

- 1 Volatility resurfaced amid geopolitical and macro uncertainty**

Markets began 2026 with strong momentum, but risk appetites appeared to deteriorate as the Iran conflict, rising energy prices, government shutdown disruptions and AI valuation concerns sparked volatility and weighed on equities.
- 2 Growth underperformed value in this environment**

Energy sector equities were a key beneficiary of the conflict, causing value to outperform growth for the quarter. Though these headwinds affected the fund during the quarter, it outperformed its benchmark.
- 3 We believe active management remains important in this environment**

We expect earnings outcomes to diverge across companies, underscoring the value of active, fundamentals driven stock selection in capturing long term growth opportunities.

Investment objective

The fund seeks long-term capital appreciation.

Fund facts

Fund AUM (\$M)	15,478.60
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Portfolio managers

Ronald Zibelli, Ido Cohen, Asutosh Shah

Manager perspective and outlook

- Equities started the year on firm footing as earnings remained generally solid and market leadership had broadened beyond mega cap growth stocks. However, volatility increased in late February and March as the conflict in Iran, rising energy prices and ongoing concerns about artificial intelligence (AI) disruption appeared to weigh on investors' risk appetites.
- We are closely monitoring the US/Israel-Iran conflict and have taken targeted steps to reduce the fund's consumer cyclical exposure. We have also added defensive stocks while remaining aligned with our long-term themes.
- In 2026, the AI cycle appears to be moving from infrastructure build-out to revenue-driven proof of concept. We believe this shift expands opportunities beyond early infrastructure leaders as businesses accelerate adoption and consumer tools mature.
- Semiconductor results confirm in our view strong demand for AI infrastructure, while rapid model innovation highlights the pace of advancing capabilities.
- We believe earnings will be uneven among companies, reinforcing the importance of active stock selection.
- Despite significant AI investment, we think spending is justified by large, still underappreciated future revenue opportunities.
- Even amid short-term volatility, we remain confident we are still early in a historic investment cycle.
- We have confidence in the durability of the AI cycle and the fund's positioning for future growth opportunities.



Top issuers

(% of total market value)

	Fund	Index
NVIDIA Corp	12.78	12.95
Alphabet Inc	6.25	6.42
Apple Inc	5.37	11.66
Amazon.com Inc	5.15	4.67
Microsoft Corp	4.65	8.84
Broadcom Inc	4.24	4.80
Meta Platforms Inc	3.56	3.46
Taiwan Semiconductor Manufacturing Co Ltd	3.51	0.00
Lam Research Corp	2.97	0.97
Netflix Inc	2.86	1.47

As of 03/31/26. 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 industrials and energy, AI related energy demand has continued to drive spending on electrical infrastructure and power generation. Industrials exposure also includes companies that have been benefiting from rising global defense spending. We favor communication services for AI driven monetization potential. The largest underweight was consumer discretionary, reflecting higher inflation from the US/Israel war with Iran and potential AI related employment pressure. The fund is also underweight in information technology (IT) due to underweights in Apple and Microsoft compared to their large weights within the index. Health care is underweight based on the loss of Affordable Care Act subsidies and reduced insurance coverage expected in 2026.

New Positions

Amphenol: We introduced another part of the AI supply chain - optics. Modern AI training involves thousands of GPUs (graphics processing units) that must exchange information rapidly and reliably. Compared to copper, optical interconnects provide scale, speed, lower power demand and heat, and greater reliability.

Eli Lilly: Management didn't promise but hinted the launch of its oral GLP-1 pill would occur soon (FDA approved it on April 1). We believed this would begin to show in its second quarter financials and we expect exemption from Trump's 100% tariffs on pharmaceuticals since Lilly had already struck a deal with the administration.

Williams Cos: The company is historically one of the most critical enablers of natural gas transmission in the US, moving gas from producing regions to high demand consumption hubs. Further, Williams is not historically as affected by commodity price swings because it is more of a toll collector where cash flows depend on volumes and contracted capacity.

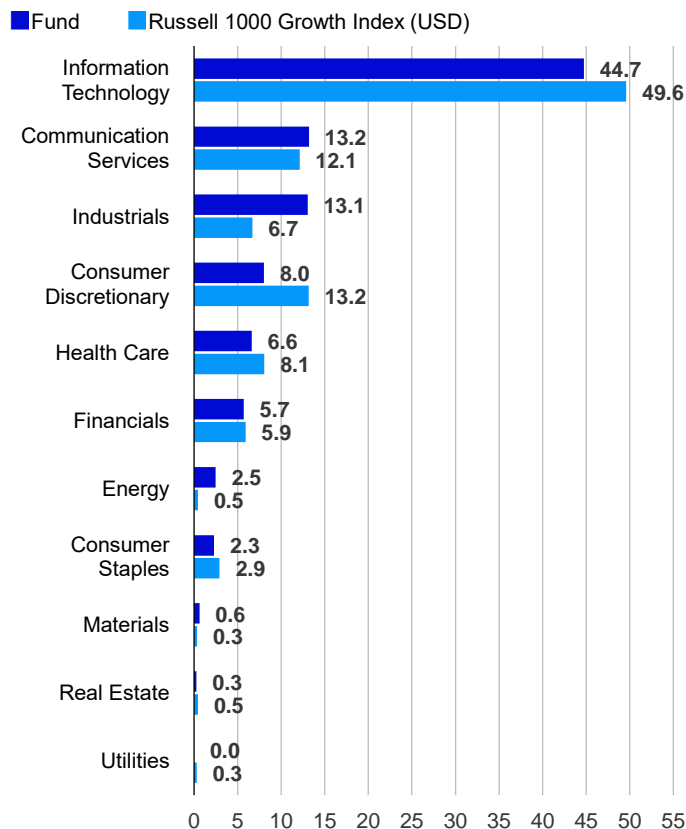
Notable Sales

Shopify: Shopify provides tools enabling businesses to create and run online stores. Potential for AI to disrupt existing software and software adjacent firms has seemingly weighed on investor sentiment.

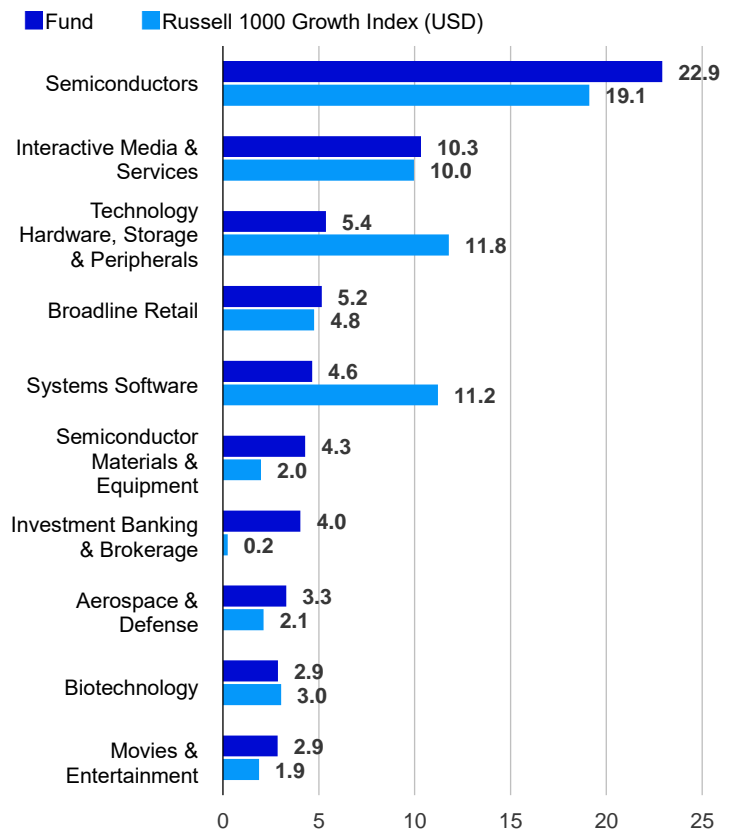
Affirm: Affirm offers "buy now, pay later" installment loans at point of sale. We sold it given elevated recession risk, as well as concerns about consumer credit.

Carvana: We sold this higher beta stock given a choppy equity market, macroeconomic concerns and higher costs that have been affecting profits and are likely to linger for another quarter.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Vertiv Holdings Co	54.71	0.61
Lam Research Corporation	24.96	0.43
Suncor Energy Inc.	50.17	0.37
GE Vernova Inc.	33.74	0.32
Taiwan Semiconductor Manufacturing Company Limited	11.45	0.24

Top detractors (%)

Issuer	Return	Contrib. to return
Microsoft Corporation	-23.28	-1.65
AppLovin Corporation	-40.93	-1.21
NVIDIA Corporation	-6.48	-0.81
Meta Platforms, Inc.	-13.25	-0.72
Alphabet Inc.	-8.06	-0.70

Performance highlights

The fund had a negative return for the quarter but outperformed its benchmark. Stock selection in industrials and IT, as well as overweights in energy and industrials, were key contributors. Stock selection in consumer discretionary, communication services, health care and financials, as well as an underweight in consumer staples, detracted from relative return.

Contributors to performance

Vertiv designs critical power and cooling infrastructure for data centers, supporting AI and cloud computing workloads. Shares performed well as strong AI driven data center build-outs boosted demand visibility and reinforced Vertiv's position as a key beneficiary of accelerated AI infrastructure investment.

Lam Research designs semiconductor manufacturing equipment, enabling advanced chip production. Performance appeared supported by resilient spending for AI driven wafer fabrication and customer investment in leading edge chips, including memory chips, which offset volatility in the broader semiconductor sector.

Suncor Energy produces crude oil and refined products with a focus on oil sands operations in Canada. Rising energy prices driven by the US/Israel war with Iran, along with Suncor's disciplined capital allocation, appear to support future cash flows, margins and shareholder returns, in our view.

GE Vernova provides energy generation and grid solutions, including renewable energy sources. The stock benefited from improving profit margins, strong power demand and

apparent investor enthusiasm for grid modernization and decarbonization trends. **Taiwan Semiconductor** manufactures advanced semiconductors for global customers. Strong demand from AI and high performance computing drove resilient earnings expectations and reinforced in our view the company's critical role in the semiconductor value chain.

Detractors from performance

Microsoft appeared to face pressure from its elevated AI infrastructure spending, moderating growth in its cloud platform Azure and cautious enterprise IT budgets.

AppLovin underperformed following good prior performance amid seemingly growing investor concern about cyclical nature of advertising demand, heightened competition in mobile advertising technology and sustainability of recent monetization gains. **NVIDIA** declined as expectations reset after outsized 2024-2025 gains. Investors took profits amid apparent concerns about AI spending normalization, customer concentration and timing of incremental demand increases beyond current infrastructure build outs.

Meta Platforms stock weakened in response to rising AI and metaverse investment costs, regulatory threats and slower advertising momentum, which appeared to pressure profits despite continued user engagement.

Alphabet lagged as advertising growth moderated, its AI related spending appeared to weigh on near term profitability, and competitive concerns about generative AI affecting long term search engine revenue increased.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/23/05	NAV	-9.70	-9.70	15.63	19.22	7.58	14.16	10.66
	Max. Load 5.5%	-14.68	-14.68	9.26	16.99	6.38	13.52	10.36
Class R6 shares inception: 09/24/12	NAV	-9.62	-9.62	16.00	19.62	7.94	14.58	13.92
Class Y shares inception: 06/23/05	NAV	-9.62	-9.62	15.92	19.52	7.86	14.45	10.93
Russell 1000 Growth Index (USD)		-9.78	-9.78	18.81	21.18	12.76	16.83	-
Total return ranking vs. Morningstar Large Growth category (Class A shares at NAV)		-	-	56% (586 of 1079)	52% (494 of 1001)	74% (664 of 940)	56% (428 of 768)	-

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	48	387
Top 10 issuers (% of AUM)	51.34	59.00
Wtd. avg. mkt. cap (\$M)	1,551,015	1,828,465
Price/earnings	32.11	30.89
Price to book	10.26	12.23
Est. 3 – 5 year EPS growth (%)	23.30	21.25
ROE (%)	37.52	40.76
Long-term debt to capital (%)	29.93	34.13
Operating margin (%)	32.48	33.31

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-4.47	0.00
Beta	0.99	1.00
Sharpe ratio	0.22	0.50
Information ratio	-1.18	0.00
Standard dev. (%)	19.15	18.77
Tracking error (%)	4.40	0.00
Up capture (%)	81.84	100.00
Down capture (%)	103.76	100.00
Max. drawdown (%)	35.12	30.66

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.05	-0.48	-0.53
Consumer Discretionary	0.00	-0.65	-0.65
Consumer Staples	-0.22	-0.07	-0.29
Energy	0.54	-0.10	0.44
Financials	-0.03	-0.27	-0.29
Health Care	-0.05	-0.48	-0.53
Industrials	0.36	1.30	1.66
Information Technology	0.02	0.54	0.56
Materials	0.00	0.00	0.00
Real Estate	0.00	-0.06	-0.05
Utilities	-0.01	0.00	-0.01
Cash	0.05	0.00	0.05
Total	0.62	-0.26	0.36

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 03/31/26. 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.