Invesco American Franchise Fund

Q1 2025

Key takeaways

1. **Market sentiment appeared to move from constructive to negative rather quickly**
Equity markets reacted to uncertainty caused by tariff policy, US government upheaval and concerns about overspending on artificial intelligence (AI).

2. **We remain cautious but view current market conditions as an opportunity**
While we cannot forecast what will happen, we believe current conditions present an opportunity to invest in long-term secular growers at attractive prices.

3. **We believe active management will be important in this environment**
Though the market's initial reaction was a broad strike against most equities, we believe strategic stock selection will be particularly crucial in navigating the market for the remainder of this year.

Investment objective
The fund seeks long-term capital appreciation.

Fund facts

Fund AUM ($M)	14,509.14

Portfolio managers
Ido Cohen, Ronald Zibelli

Manager perspective and outlook

- The first quarter of 2025 was marked by considerable volatility and economic uncertainty. The year started with positive expectations for the US economy and markets, but sentiment appeared to reverse by mid-February.
- Concerns arose due to ambiguity about Trump administration tariff policies that appeared to spark fear of a prolonged trade war and potential recession.
- Forecasts for US Gross Domestic Product (GDP) growth in 2025 dimmed amid tariff uncertainty.
- Inflation appeared to stabilize somewhat but remained higher than the US Federal Reserve's 2% target.
- US unemployment stayed low, but employment data showed signs of softening.
- US equities declined, with the S&P 500 Index experiencing a full 10% correction in March and posting its worst quarter since 2022.
- Amid this uncertainty, corporate management teams provided cautious forward guidance to investors, recognizing that stock prices are historically punished more severely for underperforming guidance than they are rewarded for exceeding expectations.
- There are in our view interesting investment opportunities, but markets likely need to see actual company results to understand policy effects on the macro environment before sentiment improves.
- We remain confident in our long-term secular themes and view current market conditions as an opportunity to invest in high-quality, long-term growth stocks at more attractive prices.

For more information, including prospectus and factsheet, please visit Invesco.com/VAFAX

Top issuers
(% of total net assets)

	Fund	Index
NVIDIA Corp	9.35	9.34
Amazon.com Inc	7.98	6.63
Microsoft Corp	6.92	10.27
Meta Platforms Inc	6.18	4.26
Apple Inc	5.55	12.02
Broadcom Inc	3.43	2.90
Alphabet Inc	3.34	6.20
Visa Inc	3.02	2.34
Netflix Inc	2.94	1.55
Intuitive Surgical Inc	2.35	0.68

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

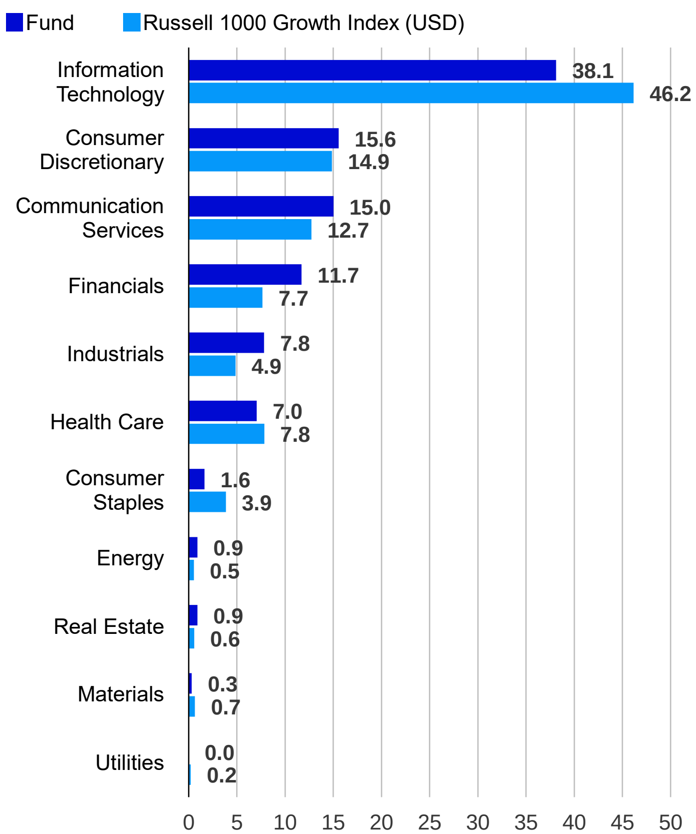
Portfolio positioning

Given current conditions, we tilted the fund toward more stable profit profiles and reduced exposure to economically sensitive companies. This included adding to several holdings that have subscription business models with high recurring revenues and adding exposure to consumer staples and health care. We reduced exposure to AI, which has come under pressure in recent months, while maintaining AI holdings where we have the highest conviction. By sector, the fund's largest overweights at quarter end included financials, industrials and communication services. Financials exposure included capital markets firms, which benefit from transactions and volatility, and several alternative asset managers that are poised to benefit from expected financial market deregulation. The industrials sector has many cross currents and we have evolved the fund's exposure to capture higher European defense spending and other special opportunities, while reducing exposure to economically sensitive stocks. Our view on communication services is positive given monetization potential for AI-driven advertising and recommendation engines. We also favor video and music subscription services, as well as select media owners able to repurpose existing intellectual property into new formats. The fund's largest underweight is information technology (IT) due to substantial underweights in Apple and Microsoft, relative to their very large index weights.

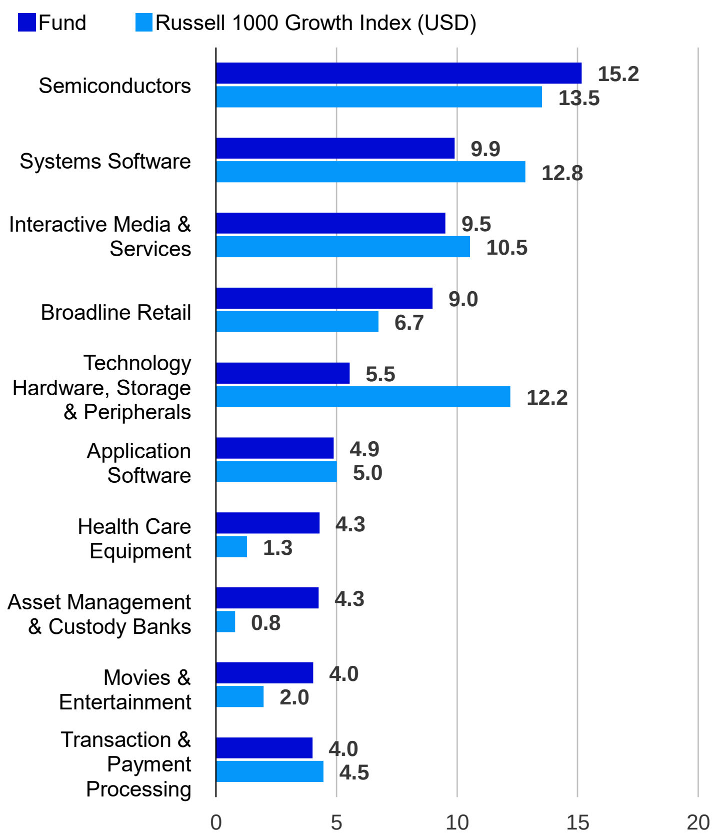
New Positions
AbbVie: This biopharmaceutical firm develops therapies across immunology, oncology, aesthetics, neuroscience and eye care. It had good results on a phase III trial for ovarian cancer and in our view provides some defensive positioning for the fund.
BAE Systems: The company is a likely beneficiary of higher European defense spending.
Philip Morris International: This is currently the strongest fundamental opportunity within consumer staples in our estimation, is less exposed to possible US dollar weakness as 90% of revenue is outside the US, and over 50% of 2025 sales are estimated to be in reduced risk products like heat-not-burn cigarettes and nicotine packets.

Notable Sales
Trade Desk: The company has been mis-executing the transition to a new platform, reorganizing its salesforce and facing competitive pressure.
Datadog: Customers have been moving more in-house and management has guided future results conservatively, which has appeared to weigh on the stock.
Teck Resources: Copper is an extension of electrification and data center trades suffering from negative sentiment.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Spotify Technology S.A.	22.94	0.13
Visa Inc.	11.08	0.12
Boston Scientific Corporation	12.94	0.12
MercadoLibre, Inc.	14.73	0.07
Suncor Energy Inc.	9.74	0.07

Top detractors (%)

Issuer	Return	Contrib. to return
NVIDIA Corporation	-19.29	-1.85
Broadcom Inc.	-27.56	-1.13
Amazon.com, Inc.	-13.28	-1.06
Tesla, Inc.	-35.83	-0.79
Apple Inc.	-11.20	-0.72

Performance highlights

The fund had a negative return for the quarter and underperformed its benchmark, primarily due to stock selection. Detractors included stock selection in IT, financials and industrials. Underweights in consumer staples and health care also hurt relative return as these defensive sectors typically perform well in times of market volatility. Stock selection in communication services and consumer discretionary was favorable. Overweights in financials and industrials and an underweight in IT added to relative return.

Contributors to performance

Spotify outperformed in the first quarter on strong fourth quarter results highlighted by better user growth and a better-than-expected profit outlook supported by better pricing and cost control.

Visa reported revenue and profits that beat Wall Street expectations.

Boston Scientific continued the successful launch of its new PFA product, which helps remove dead heart tissue, and has benefited from competitor stumbles in this area. Revenue growth rates have accelerated over the last four quarters, a trend we expect to continue.

MercadoLibre outperformed on strong fourth quarter results highlighted by better gross merchandise and payment volumes and much better-than-expected profits due to strong results from its credit portfolio.

Suncor Energy benefited from strong execution by its new management team, evidenced by volume output and cost control. The integrated nature of its asset base in our view makes the company more immune to tariff considerations than most energy companies.

Detractors from performance

NVIDIA and **Broadcom** were hurt by emerging concerns related to the AI theme. First, the Chinese AI model DeepSeek (not a fund holding) appeared to show strong results with far fewer chip sets than other models. Second, Microsoft (also a fund holding) appears to have gone through three rounds of data center lease cancellations. We believe many of these cancellations were driven by a change in its partnership with OpenAI (not a fund holding) and that Microsoft's commitment to AI remains strong.

Amazon.com lagged following fourth quarter results that were solid but noted cloud capacity constraints. Also, the outlook for 2025 capital expenditures was higher than expected. Early concerns about how tariffs would affect retail prices for discretionary items appeared to weigh on the stock.

Tesla reported weak deliveries in the US and Europe. There is concern that Elon Musk's political activities have damaged the brand and destroyed demand. We believe this view has some merit, but the company was also refreshing its popular Model Y crossover. Ultimately, the fund owns the stock for the autonomous driving robotaxi and robots to come.

Apple sold off alongside other growth-oriented, consumer discretionary and IT-related stocks, which were hardest hit amid the economic uncertainty and market volatility.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/23/05	NAV	-12.88	-12.88	2.08	7.96	16.30	12.07	10.42
	Max. Load 5.5%	-17.67	-17.67	-3.53	5.94	14.99	11.44	10.10
Class R6 shares inception: 09/24/12	NAV	-12.79	-12.79	2.43	8.34	16.70	12.50	13.76
Class Y shares inception: 06/23/05	NAV	-12.80	-12.80	2.34	8.23	16.59	12.36	10.68
Russell 1000 Growth Index (USD)		-9.97	-9.97	7.76	10.10	20.09	15.12	-
Total return ranking vs. Morningstar Large Growth category (Class A shares at NAV)		-	-	81% (842 of 1081)	53% (509 of 1030)	63% (566 of 952)	64% (482 of 750)	-

Expense ratios per the current prospectus: Class A: Net: 0.96%, Total: 0.96%; Class R6: Net: 0.63%, Total: 0.63%; Class Y: Net: 0.71%, Total: 0.71%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	4.93	2.01	27.10	-3.78	36.52	42.18	11.85	-31.14	40.91	34.73
Class R6 shares at NAV	5.41	2.51	27.60	-3.43	37.10	42.69	12.22	-30.89	41.36	35.19
Class Y shares at NAV	5.12	2.34	27.37	-3.50	36.79	42.56	12.15	-30.99	41.27	35.06
Russell 1000 Growth Index (USD)	5.67	7.08	30.21	-1.51	36.39	38.49	27.60	-29.14	42.68	33.36

Portfolio characteristics*

	Fund	Index
No. of holdings	57	394
Top 10 issuers (% of AUM)	51.05	56.99
Wtd. avg. mkt. cap ($M)	1,092,108	1,398,467
Price/earnings	33.06	31.12
Price to book	8.13	11.30
Est. 3 – 5 year EPS growth (%)	19.72	18.42
ROE (%)	28.81	40.35
Long-term debt to capital (%)	34.79	36.41
Operating margin (%)	28.85	31.28

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-2.95	0.00
Beta	0.99	1.00
Sharpe ratio	0.66	0.86
Information ratio	-0.78	0.00
Standard dev. (%)	20.68	20.30
Tracking error (%)	4.84	0.00
Up capture (%)	82.71	100.00
Down capture (%)	99.98	100.00
Max. drawdown (%)	35.12	30.66

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.03	0.45	0.42
Consumer Discretionary	-0.01	0.28	0.27
Consumer Staples	-0.34	-0.02	-0.37
Energy	0.07	-0.02	0.05
Financials	0.52	-1.21	-0.69
Health Care	-0.23	-0.17	-0.40
Industrials	0.35	-0.71	-0.36
Information Technology	0.25	-1.85	-1.60
Materials	0.00	-0.06	-0.06
Real Estate	0.06	-0.07	-0.01
Utilities	0.00	0.00	0.00
Cash	0.06	0.00	0.06
Total	**0.70**	**-3.38**	**-2.68**

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 03/31/25. 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

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

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