

Invesco Energy 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

Norman MacDonald

Fund facts

Nasdaq	A: IENAX C: IEFCX Investor: FSTEX Y: IENYX
Total Net Assets	\$323,691,670
Total Number of Holdings	38
Annual Turnover (as of 04/30/19)	17%
Distribution Frequency	Annually

Top holdings % of total net assets

Suncor Energy	6.21
BP	5.96
Noble Energy	5.82
Royal Dutch Shell 'A'	5.81
Chevron	5.80
Canadian Natural Resources	5.71
PrairieSky Royalty	5.10
Hess	4.62
Exxon Mobil	4.25
Phillips 66	4.04

Top contributors % of total net assets

1. Phillips 66	4.04
2. Suncor Energy	6.21
3. Noble Energy	5.82
4. PrairieSky Royalty	5.10
5. Tullow Oil	0.86

Top detractors % of total net assets

1. Range Resources	2.04
2. Turquoise Hill Resources	0.87
3. Cabot Oil & Gas	3.16
4. Helmerich & Payne	2.61
5. Devon Energy	3.10

Market overview

- + The third quarter saw modest gains for global stocks while emerging market stocks declined.
- + The Federal Reserve cut interest rates twice in the quarter and the European Central Bank and other central banks eased as well, providing a measure of support for risk assets.
- + Supply concerns related to the attacks on Saudi oil

processing facilities proved to be short-lived. Oil prices declined overall during the quarter, reacting to fears of slowing global demand as investors weighed the impact of weakening global economic data and the ongoing US-China trade conflict.

- + Both West Texas Intermediate (WTI) and Brent oil prices declined during the quarter, averaging \$56.43/bbl and \$62.03/bbl, respectively.¹

Positioning and outlook

- + We continue to believe that the industry requires an even higher commodity price level to encourage reinvestment in the business. The team sees a significant disconnect in the underlying cash flow generation capabilities of companies within the fund relative to their current stock prices. This is evident in the many holdings that have experienced share buybacks and dividend increases over the course of the last year.
- + Overall, we believe E&P companies are spending prudently in the current oil environment and the price-to-cash flow multiples are cheap compared to historical levels.

- + Further, if there is a shift to higher spending in the energy sector, we believe the service companies will benefit due to their pricing power.
- + We continue to focus on companies with high quality assets, high free cash flow, led by capable management teams. We have used market volatility to increase the fund's core positions, and we have positioned the fund for a return to an appreciation of long-term company fundamentals.
- + The fund is positioned with overweights in E&P and service companies. The fund has underweights in integrated oil and transportation.

Performance highlights

- + Invesco Energy Fund Class A shares at net asset value (NAV) underperformed its benchmark, the MSCI World Energy Index. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + The fund's security selection in the integrated oil & gas subsector added to relative performance during the quarter. The fund's exposure to the specialty chemicals subsector, which is not represented in the benchmark, also added to relative return, albeit to a lesser extent.
- + **Phillips 66's** diversified asset base in both midstream and chemicals showed the continued strength of the company's cash flow generating capabilities even amid turbulent commodity prices. With a combination of unique downstream refineries, the company's shareholding in Chevron Phillips Chemical, and its midstream assets make **Phillips** a truly unique core holding. The management team remains committed to returning excess free cash flow back to shareholders through a combination of dividend increases and stock buybacks.

Detractors from performance

- + The fund underperformed its benchmark primarily due to security selection and an overweight in the oil & gas equipment & services subsector. An overweight in the exploration & production (E&P) subsector also hindered relative performance during the quarter.
- + Shares of **Range Resources**, an independent oil and gas exploration and production company, declined due to short-term weakness in natural gas prices. Given the company's premium land position in the Marcellus Shale, the team still feels comfortable with the upside return potential from where the stock was trading at quarter end.

Top industries	% of total net assets
Integrated Oil & Gas	36.48
Oil & Gas Exploration & Production	33.82
Oil & Gas Equipment & Services	11.12
Oil & Gas Refining & Marketing	4.04
Oil & Gas Storage & Transportation	3.25
Oil & Gas Drilling	3.01
Specialty Chemicals	2.56
Diversified Metals & Mining	2.43
Commodity Chemicals	1.29

Investment results

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

Period	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 03/28/02	NAV	Inception: 02/14/00	NAV	Inception: 01/19/84	NAV	
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	MSCI World Energy Index
Inception	2.99	3.32	4.56	4.56	5.97	-2.76	-
10 Years	-4.72	-4.18	-4.90	-4.90	-4.19	-3.94	1.46
5 Years	-15.39	-14.42	-15.07	-15.07	-14.43	-14.21	-4.71
3 Years	-12.94	-11.29	-11.95	-11.95	-11.29	-11.06	0.23
1 Year	-35.02	-31.24	-32.42	-31.76	-31.26	-31.06	-16.86
Quarter	-15.20	-10.26	-11.36	-10.47	-10.31	-10.21	-5.78

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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	1.32	1.32	Dom Common Stock 57.88
Class C Shares	2.07	2.07	Intl Common Stock 40.13
Investor Class Shares	1.32	1.32	Cash 1.93
Class Y Shares	1.07	1.07	Other 0.06
Per the current prospectus			Dom Convert Bonds 0.00

For more information you can visit us at www.invesco.com/us

1 Source: Bloomberg L.P.

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.

Bbl is an abbreviation denoting a barrel of oil. Mcf is a unit of measurement and denotes one thousand cubic feet of natural gas. Diversification does not guarantee a profit or eliminate the risk of loss.

The MSCI World Energy Index is a free float-adjusted market capitalization index that represents the energy segment in global developed market equity performance. 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

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.

Businesses in the energy sector may be adversely affected by foreign, federal or state regulations governing energy production, distribution and sale as well as supply-and-demand for energy resources. Short-term fluctuations in energy prices may cause price fluctuations in fund shares.

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.

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.