

Invesco Value Opportunities Fund

Q1 2024

Key takeaways

- 1 The fund outperformed its benchmark**

Outperformance was driven mainly by good stock selection in industrials and utilities.
- 2 Fund activity capitalized on higher market volatility**

We took advantage of market volatility to add several new holdings to the fund. We also sold a few holdings across several sectors and used the proceeds to fund investments we believe have more potential upside.
- 3 Longer term, mid-cap value stocks appear attractive relative to S&P 500 stocks**

The price/earnings (P/E) multiple of the Russell Midcap Value Index has been at a large historical discount compared to the P/E of the S&P 500 Index (Source: FactSet Research Systems, Inc.). We believe this valuation represents a compelling long-term investment opportunity.

Investment objective

The fund seeks total return through growth of capital and current income.

Fund facts

Fund AUM (\$M)	3,656.53
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Portfolio managers

Jonathan Edwards, Jonathan Mueller

Manager perspective and outlook

- We use an intrinsic value approach to select investments for the fund. The portfolio is not constructed based on a short-term macroeconomic view. Instead, positioning is driven by bottom-up stock selection based on intrinsic value. We seek to create wealth by maintaining a long-term investment horizon and investing in companies that we believe are significantly undervalued on an absolute basis.
- Given our focus on intrinsic value and long-term investment horizon, the fund was positioned with more economically sensitive stocks than its peers at quarter end.
- Following the dramatic outperformance of large-cap versus mid-cap stocks in recent years, we anticipate greater long-term upside for intrinsic value in many mid-cap stocks compared to large-cap stocks.
- At quarter end, the difference between the market price and the estimated intrinsic value of the fund's holdings was very attractive, according to our estimation. Although there is no assurance that market value will ever reflect our estimate of the fund's intrinsic value, we believe the gap between price and estimated intrinsic value indicates above-average, long-term capital appreciation potential.



Top issuers

(% of total net assets)

	Fund	Index
Vertiv Holdings Co	3.35	0.32
Expedia Group Inc	3.14	0.06
Fidelity National Information Services Inc	3.11	0.54
Vistra Corp	3.07	0.22
Centene Corp	3.04	0.00
Lumentum Holdings Inc	2.93	0.04
Coherent Corp	2.88	0.10
NRG Energy Inc	2.83	0.19
Avantor Inc	2.67	0.21
Huntington Bancshares Inc/OH	2.54	0.25

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Investors' short-term fears appeared to remain somewhat elevated during the quarter, and we continued to identify attractive long-term upside to intrinsic value across a diverse set of industries. At quarter end, the fund remained overweight in more economically sensitive stocks than its benchmark and peers. However, we also continue to see attractive investment opportunities in some more defensive areas.

Notable New Additions

Western Alliance Bancorp is one of the largest regional banks in the US, primarily servicing Western and Midwestern states. Shares pulled back at the beginning of the quarter, which gave us the opportunity to invest at an attractive discount to our estimate of intrinsic value. Specifically, the bank traded at a historically low 1.2-1.3x price to tangible book value, despite an attractive return on equity (ROE) and a solid capital position.

Chart Industries is a specialized industrial machinery company that provides a variety of cryogenic equipment for storage, distribution and other processes within the industrial gas and liquefied natural gas (LNG) industries. We bought the stock as its share price fell below our estimate of intrinsic value due to weak financial results caused by project delays, which we view as temporary in nature.

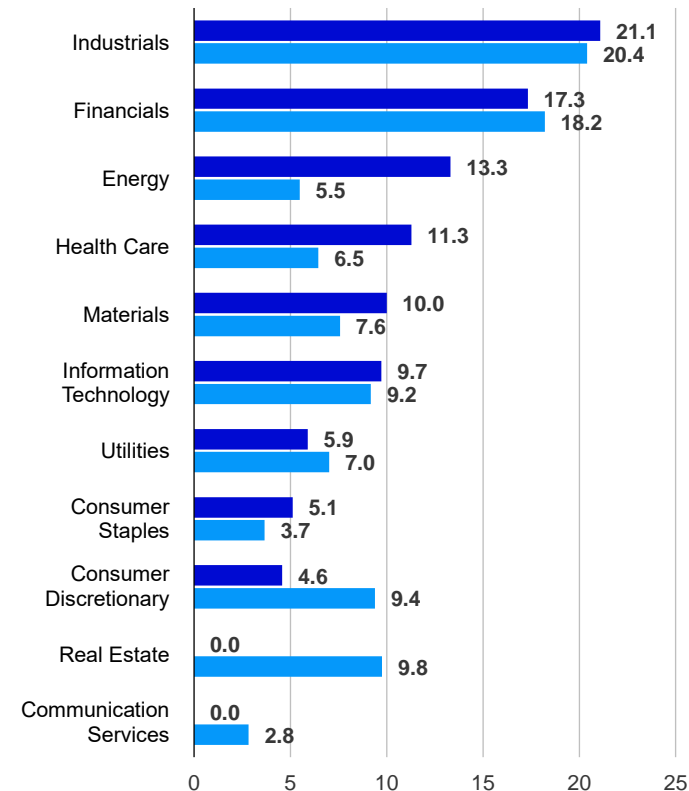
Notable Sales

Huntington Ingalls Industries: We sold the fund's successful position in the largest independent military shipbuilder in the US because the stock price had appreciated and to fund more attractive opportunities elsewhere.

Skyworks Solutions: We sold the fund's shares in this semiconductor company to fund more attractive opportunities elsewhere.

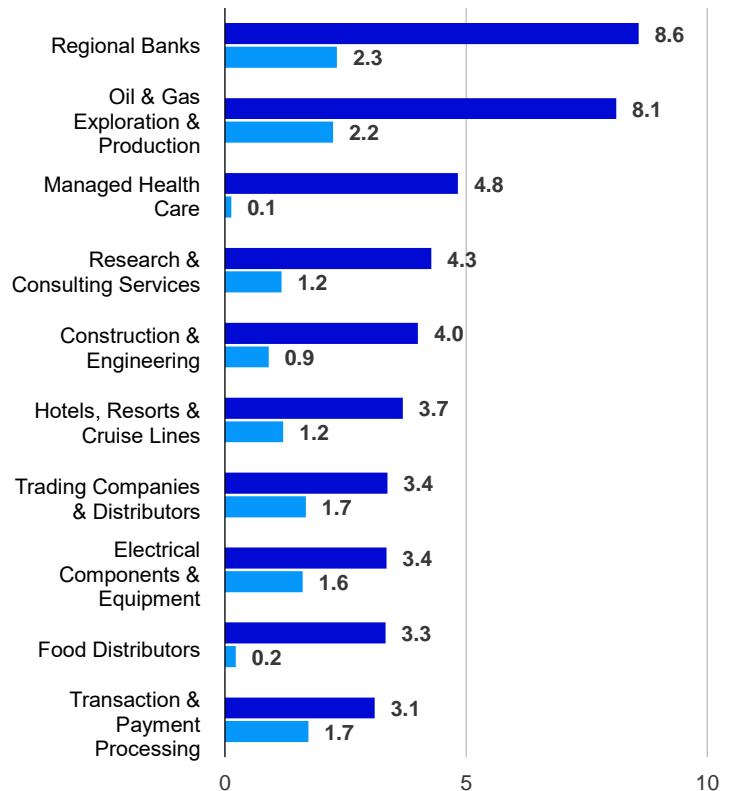
Sector breakdown (% of total net assets)

■ Fund ■ Russell Midcap Value Index (USD)



Top industries (% of total net assets)

■ Fund ■ Russell Midcap Value Index (USD)



Top contributors (%)

Issuer	Return	Contrib. to return
Vertiv Holdings Co	70.09	1.76
Vistra Corp.	81.43	1.66
Coherent Corp.	39.26	1.21
Leonardo SpA	52.40	1.19
NRG Energy, Inc.	31.93	0.78

Top detractors (%)

Issuer	Return	Contrib. to return
New Fortress Energy Inc.	-18.66	-0.43
Lumentum Holdings Inc.	-9.67	-0.32
Expedia Group, Inc.	-9.25	-0.32
Dana Incorporated	-12.38	-0.18
APA Corporation	-3.39	-0.13

Performance highlights

The fund's sector performance was mostly positive with consumer discretionary being the only small detractor from absolute return. The industrial sector was the largest contributor to absolute return. Stock selection in industrials, utilities and information technology added the most to relative return. Stock selection in consumer discretionary and energy detracted the most from relative return.

Contributors to performance

Vertiv: Shares of this manufacturer of electrical power, thermal management and other equipment for data centers rose after the company reported strong performance for 2023, driven by increased data center spending as a result of artificial intelligence (AI) investments.

Vistra: One of the largest US power producers and retail energy providers, the company's shares rose during the quarter due to a better outlook for long-term demand growth, driven by the build out of energy-intensive AI data centers as well as strong financial results for 2023.

Coherent: This laser company that develops and manufactures optoelectronic components

and devices used in the communications, electronics and industrial markets has been benefiting from the growth of AI as its optical transceivers are key enablers for networking of AI servers.

Detractors from performance

New Fortress Energy: Shares of this natural gas infrastructure company fell during the quarter as gas prices declined and management announced delays for several projects.

Lumentum: Shares of this market-leading designer and manufacturer of innovative optical and photonic products for the communications and electronics end markets fell during the quarter as the company deals with below end-market demand due to a customer inventory correction in the telecommunications market.

Expedia: Shares of the world's second largest online travel agency fell during the quarter after the company announced a transition plan to change its CEO. We used this short-term weakness as an opportunity to add to the fund's position.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 06/25/01	NAV	13.43	13.43	36.05	14.51	15.67	9.85	7.44
	Max. Load 5.5%	7.20	7.20	28.57	12.38	14.36	9.23	7.17
Class R6 shares inception: 04/04/17	NAV	13.57	13.57	36.53	14.96	16.15	10.17	-
Class Y shares inception: 03/23/05	NAV	13.52	13.52	36.37	14.79	15.96	10.13	7.94
Russell Midcap Value Index (USD)		8.23	8.23	20.40	6.80	9.94	8.57	-
Total return ranking vs. Morningstar Mid-Cap Value category (Class A shares at NAV)		-	-	5% (15 of 399)	3% (8 of 380)	3% (10 of 363)	10% (29 of 281)	-

Expense ratios per the current prospectus: Class A: Net: 1.09%, Total: 1.09%; Class R6: Net: 0.72%, Total: 0.72%; Class Y: Net: 0.84%, Total: 0.84%.

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. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Index source: RIMES Technologies Corp. 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	6.61	-10.43	18.01	17.10	-19.71	29.88	5.48	35.59	1.35	15.14
Class R6 shares at NAV	6.61	-10.43	18.01	17.48	-19.37	30.49	5.96	36.09	1.74	15.55
Class Y shares at NAV	6.81	-10.17	18.28	17.40	-19.53	30.24	5.72	35.86	1.71	15.34
Russell Midcap Value Index (USD)	14.75	-4.78	20.00	13.34	-12.29	27.06	4.96	28.34	-12.03	12.71

Portfolio characteristics*

	Fund	Index
No. of holdings	62	699
Top 10 issuers (% of AUM)	29.56	7.22
Wtd. avg. mkt. cap (\$M)	20,997	26,046
Price/earnings	16.01	18.46
Price to book	2.07	2.38
Est. 3 – 5 year EPS growth (%)	10.34	8.35
ROE (%)	10.38	12.61
Long-term debt to capital (%)	43.57	40.02
Operating margin (%)	13.54	16.39

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	4.71	0.00
Beta	1.18	1.00
Sharpe ratio	0.51	0.36
Information ratio	0.68	0.00
Standard dev. (%)	26.94	21.91
Tracking error (%)	8.48	0.00
Up capture (%)	154.51	100.00
Down capture (%)	104.33	100.00
Max. drawdown (%)	38.65	31.71

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.44	0.00	0.44
Consumer Discretionary	-0.02	-0.75	-0.77
Consumer Staples	-0.03	0.36	0.33
Currency Forward	0.08	0.00	0.08
Energy	0.45	-0.86	-0.41
Financials	-0.10	-0.64	-0.74
Health Care	-0.23	0.58	0.35
Industrials	0.01	2.09	2.09
Information Technology	-0.05	1.46	1.41
Materials	0.01	-0.20	-0.19
Real Estate	0.95	0.00	0.95
Utilities	0.05	2.11	2.16
Cash	-0.15	0.00	-0.15
Total	1.40	4.14	5.54

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.**

About risk

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock, or the issuer's right to buy back the convertible securities.

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.

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.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

A value style of investing is subject to the risk that the valuations never improve or that the returns will trail other styles of investing or the overall stock markets.

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.