Invesco Main Street Mid Cap Fund

Q1 2024

Key takeaways

1 The fund outperformed its benchmark
Outperformance mainly resulted from stock selection in the health care, industrials and information technology (IT) sectors. Weaker stock selection in the financials, energy and utilities sectors partially offset these results.

2 Portfolio activity
There was no significant change to the fund's overall positioning during the quarter as we sought to keep most sector, factor, and other macro-related exposures similar to the Russell Midcap Index.

3 US equities rallied as the economy remained resilient
Stocks rallied in the first quarter as the US economy defied recession predictions and the labor market remained robust. The Russell Midcap Index returned 8.60%, driven by the industrials, financials and energy sectors.

Investment objective
The fund seeks capital appreciation.

Fund facts

Fund AUM ($M)	2,581.45

Portfolio managers
Adam Weiner, Matthew Ziehl, Belinda Cavazos, Joy Budzinski, Magnus Krantz, Raman Vardharaj

Manager perspective and outlook

- US equities rallied in the first quarter. In February, the S&P 500 Index closed above the 5,000 milestone for the first time. The US economy defied recession predictions, achieving growth of 2.5% in 2023 as fourth-quarter Gross Domestic Product (GDP) growth was 3.4%. The labor market remained robust, with continued payroll gains and unemployment still historically low – below 4%. In this environment, the Russell Midcap Index returned 8.60%, driven by strength in the industrials, financials and energy sectors.
- Inflation remained persistent. January and February increases in the Consumer Price Index (CPI) were higher than expected, leading the US Federal Reserve (Fed) to defer anticipated interest rate cuts to the second half of 2024. Though overall inflation has been below its peak, consumers appeared cautious, as evidenced by declining retail sales.
- Regardless of market sentiment and near-term economic trends, our investment process favors better-managed companies with strong balance sheets and competitive positioning. If interest rates decline over 2024, we believe that should help more highly leveraged companies at the margin, but this benefit depends on timing windows and all-in costs for debt refinancing. Slower inflation should, in our view, tilt the pricing advantage back to stronger competitors who provide greater customer value and can achieve higher pricing for their goods and services.

Top issuers
(% of total net assets)

	Fund	Index
Hubbell Inc	1.84	0.19
Raymond James Financial Inc	1.81	0.21
TopBuild Corp	1.77	0.12
Arthur J Gallagher & Co	1.67	0.47
American International Group Inc	1.63	0.00
Tenet Healthcare Corp	1.63	0.09
DR Horton Inc	1.62	0.44
Marvell Technology Inc	1.59	0.53
Parker-Hannifin Corp	1.57	0.62
Xylem Inc/NY	1.55	0.27

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

Portfolio positioning

We maintain our valuation discipline and our focus on companies with competitive advantages and skilled management teams that we believe are executing better than their peers. These companies historically tend to have higher profit margins and returns on invested capital, rising market shares and consistently strong pricing power. As of quarter end, all sector weights were within +/- 4% of the Russell Midcap Index.

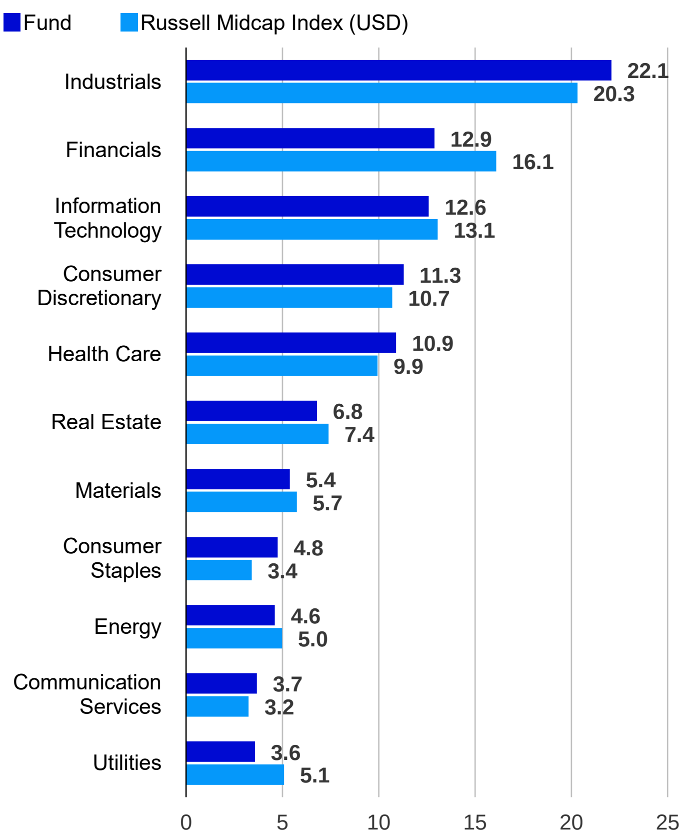
The largest additions to the fund during the quarter included the following companies:

Dupont stock looked attractive to us after a recent pullback on what we believe is a transitory destocking issue.
Cheniere is a liquified natural gas (LNG) exporter that we viewed as having an attractive risk-reward profile.
Royal Caribbean is a leader in the global cruise industry with what we see as improving fundamentals driven by balance sheet strength and free cash flow generation.
BellRing has been in our view executing well and gaining market share in the global nutrition industry, a category with multiple secular tailwinds.
Johnson Controls is a major global player in the heating, ventilation and air conditioning (HVAC) and security industries that has been trading at a discount to peers. We believe this discount will narrow over time as execution and free cash flow conversion improve.

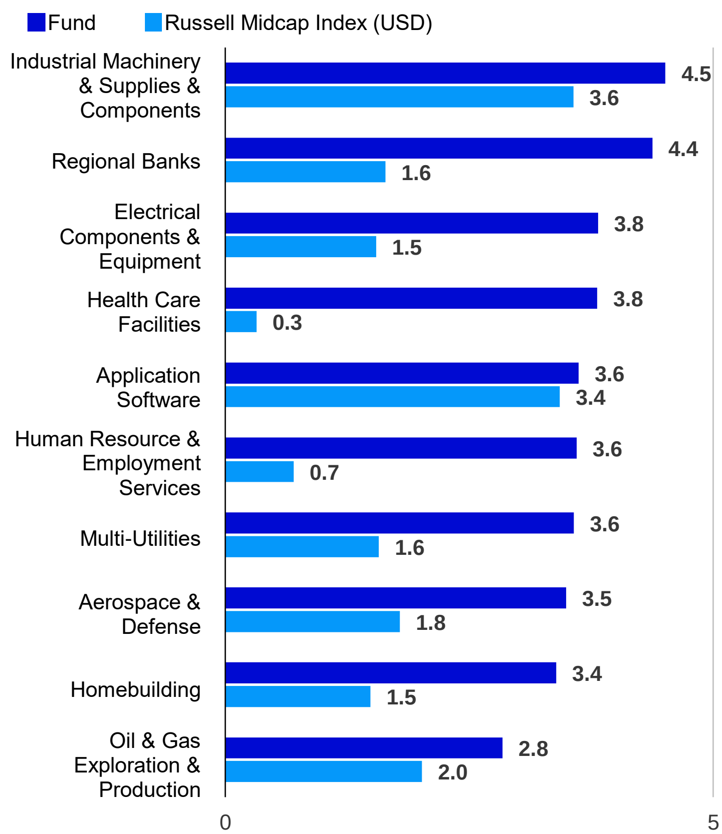
Positions sold during the quarter included the following companies:

Coca-Cola Consolidated was sold because our investment thesis had played out and we saw limited additional upside.
Mosaic was sold because an uncertain outlook for fertilizer prices affected our investment thesis.
Yum Brands was sold as a source of funds for stocks where we had higher conviction and viewed as having more upside potential.
Vulcan stock reached our upside valuation target.
APA, an exploration and production (E&P) company, was sold because we lost confidence in the company's upside potential and were not comfortable with recent merger and acquisition activity or its choppy management execution.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Total effect
Tenet Healthcare Corporation	39.09	0.37
Allison Transmission Holdings, Inc.	40.03	0.30
Deckers Outdoor Corporation	40.82	0.28
Hubbell Incorporated	26.60	0.26
Howmet Aerospace Inc.	26.55	0.24

Top detractors (%)

Issuer	Return	Total effect
Aptiv PLC	-11.22	-0.22
Columbia Banking System, Inc.	-26.03	-0.22
Kimco Realty Corporation	-6.83	-0.19
MongoDB, Inc.	-12.28	-0.19
Constellation Energy Corporation	0.00	-0.18

Performance highlights

The fund's Class A shares at net asset value (NAV) returned 9.28% for the quarter, outperforming the Russell Midcap Index, which returned 8.60%. The fund's outperformance mainly resulted from stock selection in the health care, industrials and IT sectors. Weaker stock selection in the financials, energy and utilities sectors partially offset these results.

Contributors to performance

Tenet reported a solid fourth quarter and management guidance for earnings before taxes, interest, depreciation and amortization (EBITDA) was better than expected. The company also announced it had sold a number of hospitals at attractive prices with most of the proceeds used to reduce outstanding debt that had been a cloud over the company.

Allison Transmission outperformed during the first quarter as demand for its key product lines held up better than expected, enabling the company to beat earnings expectations. Strong results in the company's core North America On-Highway end-market were driven by demand for Class 8 vocational and medium-duty trucks. Additionally, its defense business surprised to the upside due to increased demand for its Track and Wheeled vehicle applications.

Deckers reported better-than-expected revenue and earnings growth as its Hoka brand continued to gain market share in the athletic shoe category. Its Ugg brand is also seeing strong sales trends.

Detractors from performance

Aptiv dealt with near-term changes in its customer and product mix that were headwinds to growth, along with increased volatility of expectations for its future earnings power. We believe these dynamics will be transitory.

Columbia Banking underperformed as the company reset expectations due to higher interest rates that drove up deposit costs and a delay in merger synergies from the bank's combination with Umpqua.

Kimco underperformed along with the real estate sector in general as longer-term interest rates moved higher due to high inflation data that tempered expectations for near-term Fed interest rate cuts.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 08/02/99	NAV	9.28	9.28	21.36	6.41	10.33	8.10	9.96
	Max. Load 5.5%	3.25	3.25	14.69	4.42	9.10	7.49	9.71
Class R6 shares inception: 10/26/12	NAV	9.38	9.38	21.81	6.81	10.77	8.56	11.05
Class Y shares inception: 08/02/99	NAV	9.34	9.34	21.68	6.67	10.61	8.38	10.34
Russell Midcap Index (USD)		8.60	8.60	22.35	6.07	11.10	9.95	-
Total return ranking vs. Morningstar Mid-Cap Blend category (Class A shares at NAV)		-	-	62% (257 of 426)	57% (195 of 395)	66% (226 of 363)	72% (170 of 255)	-

Expense ratios per the current prospectus: Class A: Net: 1.06%, Total: 1.06%; Class R6: Net: 0.68%, Total: 0.68%; Class Y: Net: 0.82%, Total: 0.82%.

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. 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.

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	12.27	-7.22	13.42	14.68	-12.25	32.15	9.13	23.02	-14.35	14.48
Class R6 shares at NAV	12.78	-6.85	13.92	15.18	-11.89	32.74	9.60	23.50	-14.00	14.92
Class Y shares at NAV	12.56	-6.99	13.67	14.98	-12.03	32.48	9.44	23.31	-14.10	14.74
Russell Midcap Index (USD)	13.22	-2.44	13.80	18.52	-9.06	30.54	17.10	22.58	-17.32	17.23

Portfolio characteristics*

	Fund	Index
No. of holdings	87	808
Top 10 issuers (% of AUM)	16.67	5.79
Wtd. avg. mkt. cap ($M)	23,998	27,771
Price/earnings	20.81	21.13
Price to book	3.04	3.00
Est. 3 – 5 year EPS growth (%)	11.02	10.29
ROE (%)	19.40	15.40
Long-term debt to capital (%)	39.09	40.99
Operating margin (%)	16.46	16.47

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.35	0.00
Beta	0.95	1.00
Sharpe ratio	0.41	0.43
Information ratio	-0.23	0.00
Standard dev. (%)	20.45	21.18
Tracking error (%)	3.30	0.00
Up capture (%)	89.02	100.00
Down capture (%)	97.30	100.00
Max. drawdown (%)	27.75	27.07

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.06	0.21	0.15
Consumer Discretionary	0.01	-0.05	-0.04
Consumer Staples	-0.02	0.00	-0.01
Energy	-0.03	-0.24	-0.27
Financials	-0.11	-0.29	-0.41
Health Care	-0.02	0.63	0.60
Industrials	0.11	0.54	0.64
Information Technology	0.03	0.34	0.37
Materials	0.00	-0.06	-0.05
Real Estate	0.04	0.02	0.06
Utilities	0.02	-0.16	-0.14
Cash	-0.05	0.00	-0.05
Total	**-0.08**	**0.93**	**0.85**

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 03/31/24. Unless stated otherwise, Index refers to Russell Midcap Index (USD).

The Russell Midcap® Index is an unmanaged index considered representative of mid-cap stocks. The Russell Midcap 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

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.

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.

Most MLPs operate in the energy sector and are subject to the risks generally applicable to companies in that sector, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. MLPs are also subject the risk that regulatory or legislative changes could eliminate the tax benefits enjoyed by MLPs which could have a negative impact on the after-tax income available for distribution by the MLPs and/or the value of the portfolio's investments.

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.

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

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.