

Invesco Small Cap Value Fund

Q4 2025

Key takeaways

- 1 The fund outperformed its benchmark**

Stock selection in information technology (IT) drove outperformance in the fourth quarter. Conversely, stock selection in health care and financials detracted from relative return.
- 2 We capitalized on market volatility in an effort to find new opportunities**

We took advantage of market volatility during the quarter to purchase several new fund holdings across various sectors. We also eliminated several holdings and used the proceeds to fund investments we believe have more upside potential.
- 3 Longer term, small-cap value stocks appear attractive relative to S&P 500 Index stocks**

The price/earnings (P/E) multiple of the Russell 2000 Value Index has been at a historical discount compared to the P/E of the S&P 500 Index. We believe this valuation represents a compelling long-term investment opportunity.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	8,173.74
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Portfolio managers

Jonathan Edwards, Jonathan Mueller

Manager perspective and outlook

- In managing the fund, we employ an intrinsic value approach to stock selection. It should be noted that the portfolio is not constructed based on a short-term macroeconomic view. Instead, positioning is driven by a bottom-up stock selection process based on our estimate of intrinsic value, which is based on a company's future cash flows.
- We seek to create wealth by maintaining a long-term investment horizon and by investing in companies that we believe are significantly undervalued on an absolute basis.
- Given our focus on intrinsic value and our long-term investment horizon, at quarter end, the fund was positioned with greater exposure to economically sensitive stocks compared to its peers.
- Following the outperformance of large-cap stocks over small-cap stocks in recent years, we see greater long-term upside to intrinsic value in many small-caps compared to large-caps.
- At quarter end, the difference between the market prices of the fund's holdings and our estimates of their intrinsic value was attractive, in our view.
- 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 indicated attractive long-term capital appreciation potential.



Top issuers

(% of total market value)

	Fund	Index
Coherent Corp	3.78	0.00
Western Alliance Bancorp	2.75	0.00
MKS Inc	2.60	0.00
Hudbay Minerals Inc	2.23	0.00
Globe Life Inc	2.22	0.00
Charles River Laboratories International Inc	2.20	0.00
NRG Energy Inc	2.02	0.00
Expedia Group Inc	2.00	0.00
Webster Financial Corp	1.96	0.00
Saia Inc	1.93	0.00

As of 12/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Volatility returned during the quarter, particularly in November. This volatility provided an opportunity for us to purchase stocks with what we saw as attractive long-term upside to intrinsic value across a diverse set of industries. At quarter end, the fund had overweights in more economically sensitive stocks than its benchmark and peers.

Notable Additions:

Charles River Laboratories: This leading contract research organization (CRO) supports the discovery, development and safe manufacture of new drugs, biologics, vaccines and medical devices. It has a diversified portfolio with exposure to high growth therapeutic areas. Slower spending on biotech and pharma research and development has been a headwind to the stock, which gave us an opportunity to invest at what we saw as an attractive discount to our estimate of intrinsic value.

Globus Medical: This medical technology company specializes in musculoskeletal solutions for spine, orthopedic trauma and joint reconstruction. The company has faced issues with recent acquisitions, supply chain issues and weakness in its robotics segment, which together provided an opportunity to purchase the stock at what we saw as an attractive discount to our estimate of intrinsic value.

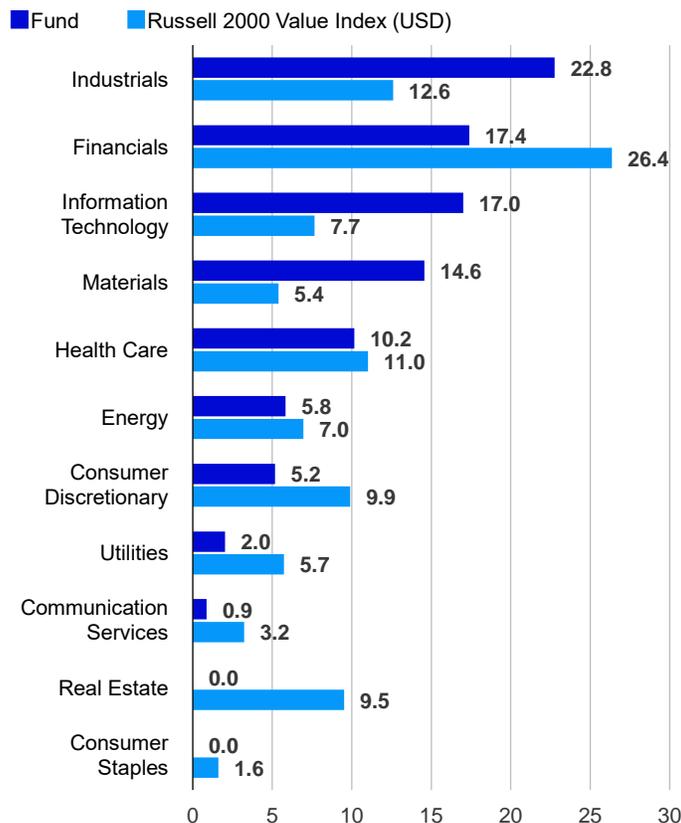
ArcBest: This logistics and freight transportation company operates less-than-truckload (LTL) shipping, which is used for shipments too large for parcel delivery but too small for a full truckload. The trucking industry has been in a multi-year cyclical downturn; however, we believe ArcBest's operational efficiency and technological advancements using artificial intelligence (AI) should position the company well once demand recovers.

Notable Sales:

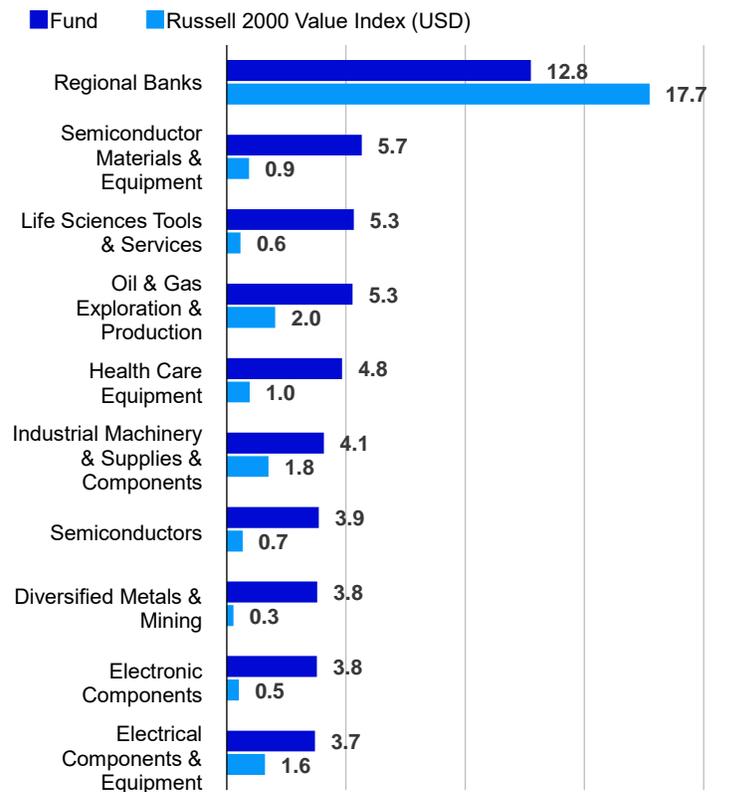
Chart Industries: A global leader in cryogenic and gas-handling technologies, the company provides highly engineered equipment to support a wide range of industries, with a focus on clean energy and industrial gas solutions. The company is being acquired by Baker Hughes (not a fund holding) in an all-cash transaction expected to close in mid-2026. We opted to sell the stock to fund other opportunities we believe have better upside to intrinsic value.

Mastec: An infrastructure contractor, delivering critical services across communications, energy, power and water systems, Mastec is involved with the AI infrastructure build-out for fiber networks and data centers. The stock rose in the fourth quarter, which gave us an opportunity to sell the position to fund opportunities we believe have more upside to intrinsic value.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Coherent Corp.	71.34	2.33
Globus Medical, Inc.	48.84	0.73
Lumentum Holdings Inc.	126.53	0.71
MKS Inc.	29.30	0.64
Hudbay Minerals Inc.	30.96	0.57

Top detractors (%)

Issuer	Return	Contrib. to return
AECOM	-26.79	-0.46
Crane NXT, Co.	-29.61	-0.33
PENN Entertainment, Inc.	-23.42	-0.31
KBR, Inc.	-14.67	-0.24
Entegris, Inc.	-8.78	-0.22

Performance highlights

Stock selection in the IT sector was the largest contributor to relative performance. Stock selection and an overweight in materials also aided relative return. Stock selection in health care and financials detracted the most from relative return. Overall, performance drivers were largely stock specific.

Contributors to performance

Lumentum: Shares of this market-leading designer and manufacturer of innovative optical and photonic products rallied in the fourth quarter, fueled by apparent investor enthusiasm for its AI-driven growth potential.

Globus Medical: The orthopedic device maker reported better-than-expected financial results with strong organic growth and an increase in its forward earnings guidance. The company's recent acquisitions are expected to provide synergies that we believe should boost earnings in 2026.

Coherent: This laser company develops and manufactures optoelectronic components and devices. Its optical transceivers are key enablers for networking of AI servers. Shares rose due to surging AI data center demand, strong growth of networking revenue and

expanding profit margins supported by a more focused, high-return product portfolio.

Detractors from performance

AECOM: AECOM is a global infrastructure consulting and engineering firm that provides planning, design, construction and management for transportation, water, environmental, energy and building projects worldwide. The company reported better-than-expected earnings, but revenues were below expectations, driving the stock lower.

Crane NXT: This industrial technology company provides technological solutions to secure, detect and authenticate physical and digital assets. Shares declined amid reignited trade tensions with China. Though the company reported better-than-expected earnings and revenue growth, management reduced its earnings outlook for the full year, which also sent shares lower.

PENN Entertainment: The company operates physical casinos in the US, along with a growing digital gaming and sports-betting platform. Shares declined after third quarter earnings missed expectations. The company's announcement ending its partnership with ESPN also seemed to dampen investor sentiment.

Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 06/21/99	NAV	6.79	17.64	17.64	21.66	20.72	14.64	11.91
	Max. Load 5.5%	0.90	11.16	11.16	19.38	19.37	13.99	11.67
Class R6 shares inception: 02/07/17	NAV	6.87	18.06	18.06	22.13	21.18	15.04	-
Class Y shares inception: 08/12/05	NAV	6.84	17.95	17.95	21.95	21.02	14.93	12.02
Russell 2000 Value Index (USD)		3.26	12.59	12.59	11.73	8.88	9.27	-
Total return ranking vs. Morningstar Small Value category (Class A shares at NAV)		-	-	4% (14 of 483)	1% (6 of 462)	1% (4 of 439)	1% (2 of 362)	-

Expense ratios per the current prospectus: Class A: Net: 1.10%, Total: 1.10%; Class R6: Net: 0.72%, Total: 0.72%; Class Y: Net: 0.85%, Total: 0.85%.

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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	18.27	18.28	-25.29	32.05	10.81	36.51	4.32	22.91	24.53	17.64
Class R6 shares at NAV	-	18.68	-24.97	32.55	11.31	37.00	4.71	23.46	25.00	18.06
Class Y shares at NAV	18.61	18.58	-25.11	32.35	11.15	36.83	4.58	23.21	24.81	17.95
Russell 2000 Value Index (USD)	31.74	7.84	-12.86	22.39	4.63	28.27	-14.48	14.65	8.05	12.59

Portfolio characteristics*

	Fund	Index
No. of holdings	101	1,426
Top 10 issuers (% of AUM)	23.72	5.96
Wtd. avg. mkt. cap (\$M)	11,262	3,496
Price/earnings	19.40	15.64
Price to book	1.99	1.39
Est. 3 – 5 year EPS growth (%)	14.86	8.72
ROE (%)	8.00	2.64
Long-term debt to capital (%)	37.07	30.98
Operating margin (%)	13.26	14.65

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	11.59	0.00
Beta	0.93	1.00
Sharpe ratio	0.84	-
Information ratio	1.38	0.00
Standard dev. (%)	20.77	20.32
Tracking error (%)	8.60	0.00
Up capture (%)	137.77	100.00
Down capture (%)	88.67	100.00
Max. drawdown (%)	20.02	-

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.15	-0.18	-0.33
Consumer Discretionary	0.30	0.58	0.88
Consumer Staples	0.10	-0.02	0.09
Currency Forward	0.03	0.00	0.03
Energy	0.04	-0.10	-0.06
Financials	-0.06	-0.62	-0.68
Health Care	0.00	-0.85	-0.85
Industrials	-0.30	0.36	0.06
Information Technology	-0.99	3.88	2.90
Materials	0.76	0.63	1.39
Real Estate	0.34	0.00	0.34
Utilities	0.16	-0.03	0.13
Cash	-0.10	0.00	-0.10
Total	0.13	3.66	3.79

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 12/31/25. Unless stated otherwise, Index refers to Russell 2000 Value Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The fund has limited public sales of its shares to certain investors. For more information on who may continue to invest in the fund, please see the prospectus.

The Russell 2000® Value Index is an unmanaged index considered representative of small-cap value stocks. The Russell 2000 Value 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.

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.

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.

Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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.