

# Invesco European Small Company Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of March 31, 2022



### Investment objective

The fund seeks long-term growth of capital.

### Portfolio management

Borge Endresen

### Fund facts

Nasdaq	A: ESMAX	C: ESMCX
		Y: ESMYX
Total Net Assets	\$225,004,563	
Total Number of Holdings	43	

### Top holdings

	% of total net assets
Gerard Perrier Industrie	5.19
Hilan	5.06
Linedata Services	4.93
Fondul Proprietatea	4.45
Infotel	4.38
Diploma	4.36
Neurones	4.14
Clarkson	4.05
Kaufman & Broad	3.56
Renew	3.43

### Top contributors

	% of total net assets
1. Origin Enterprises	2.55
2. TotalEnergies	2.35
3. Fondul Proprietatea	4.45
4. Groupe Gorge	0.92
5. Linedata Services	4.93

### Top detractors

	% of total net assets
1. Globaltrans Investment	0.00
2. TBC Bank	1.53
3. Diploma	4.36
4. Savills	3.06
5. Kaufman & Broad	3.56

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

### Market overview

- + Global equity markets declined in the first quarter amid volatility sparked by Russia's invasion of Ukraine, rising commodity prices, rampant global inflation and central banks shifting toward tighter monetary policy.
- + Russia's invasion exacerbated inflation pressures, disrupting already strained supply chains and increasing shortages of oil, gas and raw materials.

The price of oil rose sharply, with crude prices reaching their highest price per barrel since 2008.

- + Eurozone equities fell sharply, as the region is a big importer of oil and natural gas from Russia. The UK, which is not as dependent on these imports, fared better and had a positive return for the quarter.

### Positioning and outlook

- + We initiated two new positions during the quarter, both based in France - technology holding company **Claranova** (0.61% of total net assets) and industrial and defense robotic and drone manufacturer **Groupe Gorge**. There were no full liquidations, but we did trim the fund's positions in **Hilan**, an Israel-based IT company (5.06% of total

net assets), **TBC Bank** and **Linedata Services**.

- + Regardless of the macroeconomic environment, we remain focused on applying our well-established, long-term, bottom-up Earning-Quality-Valuation (EQV) investment philosophy/process that seeks to identify attractively valued, high-quality growth companies.

### Performance highlights

- + Invesco European Small Company Fund Class A shares at net asset value (NAV) slightly underperformed the MSCI Europe Small Cap Index. (Please see the investment results table on page 2 for fund and index performance.)

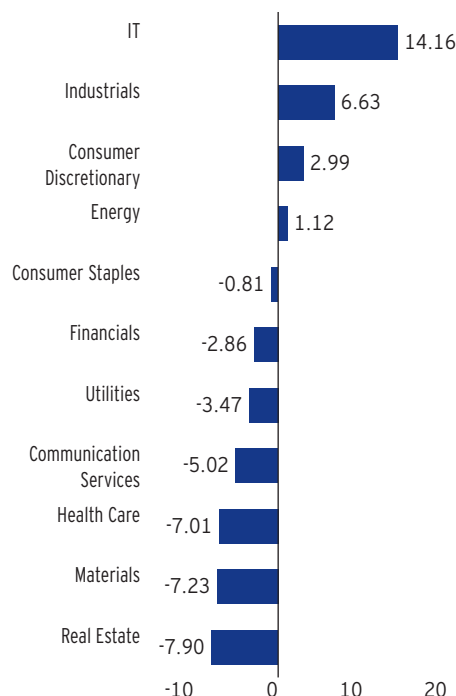
### Contributors to performance

- + Strong stock selection in the information technology (IT) and consumer discretionary sectors added to relative return. Within IT, France-based **Linedata Services** was a notable contributor and within consumer discretionary, Kenya-based **Vivo Energy** (3.17% of total net assets) was a key contributor.
- + An underweight in the health care sector also added to relative return.
- + From a geographic perspective, stock selection in France was the leading contributor to relative performance. An underweight in Sweden and exposure in Romania also positively affected relative return.
- + Ireland-based **Origin Enterprises**, a leading provider of farm inputs, was the fund's largest individual contributor. The company has indirectly benefited from higher agricultural commodity prices.

### Detractors from performance

- + Fund holdings in the industrials and financials sectors underperformed those of the benchmark sectors, detracting from relative return. UK-based **Diploma** was one of the largest detractors in the industrials sector, while Georgia-based **TBC Bank** was weak and was the largest detractor within financials.
- + Stock selection and an underweight in the real estate sector also negatively affected relative performance.
- + Geographically, the fund's exposure to Russia and Georgia and stock selection in Switzerland were notable detractors from relative return.
- + Russia-based industrials company **Globaltrans Investment** was fund's largest individual detractor. Due to market closures, lack of trading partners, low liquidity, settlement concerns and future uncertainty, Invesco has been employing fair value pricing for Russian equities held in its funds. Therefore, the valuation of this security has been marked to zero. This impact has already been factored into the fund's NAV.

**The fund's positioning versus the MSCI Europe Small Cap Index (% underweight/overweight)**



**Investment results**

Average annual total returns (%) as of March 31, 2022

Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 08/31/00		Inception: 08/31/00		Inception: 10/03/08	
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	
Inception	9.90	10.19	9.90	9.90	9.66	-
10 Years	8.54	9.15	8.50	8.50	9.42	9.58
5 Years	5.47	6.68	5.87	5.87	6.93	8.39
3 Years	7.12	9.15	8.33	8.33	9.42	10.04
1 Year	-4.23	1.36	-0.38	0.61	1.62	-3.55
Quarter	-16.42	-11.56	-12.62	-11.74	-11.51	-11.73

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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. 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	1.54	1.55	Intl Common Stock	94.88
Class C Shares	2.29	2.30	Cash	4.70
Class Y Shares	1.29	1.30	Other	0.42

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2022. See current prospectus for more information.

For more information you can visit us at [www.invesco.com/us](https://www.invesco.com/us)

Class Y 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.

EQV stands for earnings, quality and valuation. Our investment process looks for companies with strong Earnings growth, they must be Quality companies that can sustain those earnings and these companies need to have attractive Valuations.

The MSCI Europe Small Cap Index is an unmanaged index considered representative of small-cap European stocks. 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.

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**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.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified funds.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

To the extent an investment focuses on securities issued or guaranteed by companies in a particular industry, the investment's performance will depend on the overall condition of those industries, which may be affected by the following factors: the supply of short-term financing, changes in government regulation and interest rates, and overall economy.

Many countries in the European Union are susceptible to high economic risks associated with high levels of debt, notably due to investments in sovereign debts of European countries such as Greece, Italy and Spain.

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.

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.

***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](http://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. Financial professionals, 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.