

# Invesco Health Care Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of June 30, 2022



### Investment objective

The fund seeks long-term growth of capital.

### Portfolio management

Justin Livengood

### Fund facts

Nasdaq	A: GGHCX	C: GTHCX
	Investor: GTHIX	Y: GGHYX
Total Net Assets	\$1,330,186,349	
Total Number of Holdings	83	
Annual Turnover (as of 10/31/21)	78%	
Distribution Frequency	Annually	

### Top holdings

	% of total net assets
UnitedHealth	10.40
Eli Lilly	6.22
Thermo Fisher Scientific	5.20
Elevance Health	4.88
AbbVie	4.19
Danaher	3.88
AstraZeneca	3.61
Pfizer	2.76
Novo Nordisk 'B'	2.64
Merck	2.36

### Top contributors

	% of total net assets
1. Illumina	0.00
2. Medtronic	0.00
3. Biohaven Pharmaceutical	0.41
4. Eli Lilly	6.22
5. AstraZeneca	3.61

### Top detractors

	% of total net assets
1. Johnson & Johnson	0.00
2. Merck	2.36
3. IDEXX Laboratories	0.56
4. Tenet Healthcare	0.95
5. Bristol-Myers Squibb	0.00

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

### Market overview

- + The US equity selloff continued in the second quarter as inflation, tighter monetary policy, supply chain disruptions and geopolitical tensions weighed on investor sentiment.
- + Value stocks declined less than growth stocks during the quarter.
- + Health care sub-industries such as pharmaceuticals, managed health care, health care distributors and biotechnology outperformed the overall health care sector, while health care facilities, health care equipment and life science tools & services lagged.

### Positioning and outlook

- + The fund is currently overweight managed health care, life science tools & services, health care technology, health care facilities and biotechnology, and is underweight pharmaceuticals, health care equipment and health care services.
- + During the quarter, we increased the fund's position in pharmaceuticals, managed health care, biotechnology and health care distributors, while decreasing its positions in health care equipment, health care facilities and life science tools & services.
- + In this slow growth environment, we believe managed care and health care services present attractive opportunities. These businesses tend to be defensive, with stable, highly visible revenue growth, and should, we believe, be well-positioned as the COVID-19 threat dissipates and patients return to hospitals for procedures. Managed care, which has the ability to pass along regular price increases, is, we believe, well-positioned for an inflationary environment. We believe defensive large-cap pharmaceuticals are also well-positioned in this challenging environment.
- + The fund invests in premier health care companies that we believe are positioned to compound multi-year growth. We combine in-depth health care experience with bottom-up fundamental analysis to evaluate company management, identify growth prospects and manage risk.

### Performance highlights

- + The fund's Class A shares at net asset value (NAV) underperformed its index in the second quarter. (Please see the investment results table on page 2 for fund and index performance.)
- + Stock selection in pharmaceuticals, health care equipment, facilities and health care technology detracted from relative return, as did an underweight in pharmaceuticals and overweights in facilities and life science tools & services.
- + Stock selection in health care supplies and life science tools & services added to relative return. An underweight in health care equipment and an overweight in managed care were beneficial.

### Contributors to performance

- + **Illumina** is a life science tools and services company involved in genomic analysis. The stock fell on revenue headwinds from China's COVID lockdown. The fund did not own the stock, which helped relative return.
- + **Medtronic** is a health care equipment company that makes devices to treat and diagnose cardiovascular, neurological, gastrointestinal and other diseases. The stock declined on supply chain issues and China's COVID lockdowns. Not owning the stock benefited relative return.
- + **Biohaven Pharmaceutical** is a clinical-stage biopharmaceutical company that makes treatments for neurological diseases. The stock price rallied on the announcement that **Pfizer** (2.76% of total net assets) would acquire the company for a significant premium.

### Detractors from performance

- + **Johnson & Johnson** makes pharmaceutical treatments, medical devices and consumer products. Not owning the stock, which outperformed due to solid organic growth, had a negative effect on relative return.
- + **Merck** is large-cap pharmaceutical company that makes prescription medicines, vaccines, biologic treatments, animal health treatments and consumer care products. **Merck** beat earnings estimates and management raised its guidance. The fund was underweight in the stock, which detracted from relative return.
- + **IDEXX Laboratories** makes products and services to test and diagnose companion animals, livestock and poultry, and to test water and dairy. The stock declined because clinical veterinary visits have decreased due to capacity constraints. However, demand for veterinary care remains strong.

Top industries	% of total net assets
Pharmaceuticals	23.22
Managed Health Care	18.18
Life Sciences Tools & Services	16.30
Biotechnology	15.89
Health Care Equipment	13.25
Health Care Services	2.97
Health Care Facilities	2.49
Health Care Distributors	2.26
Health Care Technology	1.56
Health Care Supplies	1.21

## Investment results

Average annual total returns (%) as of June 30, 2022

Period	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 08/07/89		Inception: 03/01/99		Inception: 07/15/05	Inception: 10/03/08	
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	S&P Composite 1500 Health Care Index
Inception	10.04	10.23	8.20	8.20	8.10	9.95	-
10 Years	9.77	10.39	9.73	9.73	10.39	10.66	15.06
5 Years	5.87	7.08	6.28	6.28	7.07	7.34	11.99
3 Years	4.35	6.34	5.55	5.55	6.33	6.60	13.14
1 Year	-17.40	-12.59	-13.79	-13.21	-12.61	-12.36	1.42
Quarter	-15.76	-10.85	-11.89	-11.00	-10.87	-10.79	-6.40

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. 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	1.02	1.02	Dom Common Stock 89.81
Class C Shares	1.77	1.77	Intl Common Stock 8.50
Investor Class Shares	1.02	1.02	Cash 2.81
Class Y Shares	0.77	0.77	Other -1.12

Per the current prospectus

A negative in Cash or Other, as of the date shown, is normally due to fund activity that has accrued or is pending settlement.

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

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.

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.

The S&P Composite 1500® Health Care Index consists of those companies included in the S&P Composite 1500 that are classified as members of the GICS® Health Care sector. An investment cannot be made directly in an index.

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**About risk**

In general, stock and other equity securities values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

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.

The health care industry is subject to risks relating to government regulation, obsolescence caused by scientific advances and technological innovations.

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 financial professionals 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. 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.