
Invesco Global Companies Fund

Quarterly review | As at March 31, 2022

Investment philosophy

Invesco Global Companies Fund seeks to achieve strong capital growth with a high degree of reliability over the long term. The Fund invests primarily in equities of companies anywhere in the world.

Performance summary

- Invesco Global Companies Fund, Series I returned -9.10% over the first quarter of 2022 versus its benchmark, the MSCI ACWI Index (C\$), which returned -6.42% over the same period

Key contributors to performance

- The Fund's investments in the financials and consumer staples sectors outperformed those of the benchmark over the period. The two most significant individual contributors to Fund performance over the quarter were Sabre Corp. and The London Stock Exchange Group PLC
- Shares in Sabre rose over the quarter when the company reported strong operating results with revenue growth exceeding analysts' expectations. Shares were also buoyed by increased investor optimism that travel demand is showing signs of normalizing as economies emerge from the pandemic. Sabre is a leading technology firm, serving the global travel and tourism industry
- Shares in the London Stock Exchange (LSEG) rose over the period, rebounding from depressed valuations after the company posted better-than-expected operating results. LSEG is a U.K.-based stock exchange and financial information company headquartered in London, England

Key detractors from performance

- The Fund's relative performance versus the benchmark was primarily due to investments in the industrials sector, which lagged those of the benchmark over the period. A lack of exposure to the energy sector also detracted from relative performance as the energy sector generated strong positive returns over the quarter in response to the significant rise in oil prices. The two most significant individual detractors from Fund performance for the quarter were Temenos AG and KION Group AG
- Temenos is a Switzerland-based company that specializes in enterprise software for banks and financial services institutions. Temenos is a leader in the niche market of helping financial institutions of all sizes work to accelerate the digital experience they offer to clients. Shares in Temenos declined over the period on disappointing operating results. Revenues were depressed by the slower-than-expected return-to-office environment, which has delayed or deferred software implementations
- Kion is a global leader in the manufacturing of industrial trucks and forklifts and a leading provider of warehouse automation solutions. Shares in Kion declined over the period as supply-chain issues caused delays in their ability to deliver truck and forklift shipments

Portfolio activity

- No new buys were added to the Portfolio over the period
- Flowserve Corp. was sold to redeploy capital to existing investments in the Portfolio that, in the team's view, possess more attractive long-term prospects
- In terms of positioning, the Fund has significant investments in the information technology, communication services, consumer discretionary and industrials sectors. In contrast, the Fund has lower exposure to financials and health care, and no exposure to energy, materials or utilities

Investment outlook

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.

Developed equity markets declined for the quarter, with value stocks outperforming growth stocks. Emerging-market equities also declined, particularly China's equity markets, which suffered from a COVID-19 Omicron outbreak and resulting lockdowns, as well as broader geopolitical concerns. In this environment, developed equity markets outperformed emerging-market equities for the quarter.

In the portfolio management team's (the "team") view, the tailwinds of accommodative monetary and fiscal policy that helped boost asset values in 2020 and 2021 may prove to be a headwind as stimulus gets unwound to combat inflationary pressures. Macroeconomic concerns such as inflation, rising interest rates, supply-chain and geopolitical issues may cause downward volatility in asset prices.

Historically, one effective way to hedge inflation risk is to own high-quality companies that sell required products and services and possess sustainable competitive advantages. These companies have the increased ability to pass on higher costs to customers, which can better protect returns on capital and free cash flow generation. These traits are characteristic of the investments the team targets for the Portfolio.

The team believes the next five years may be a very different experience for investors versus the last five years and that a focus on owning high-quality, cash-flow generative companies and paying attention to valuations may help investors navigate periods of uncertainty or turbulence in equity markets.

Important information

Sources: Invesco Canada Ltd., Bloomberg L.P., Factset Research Systems, Inc., Morningstar Research Inc., as at March 31, 2022. Data expressed in Canadian Dollars.

The above securities were selected for illustrative purposes only and are not intended to convey specific investment advice.

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns, including changes in security values and reinvestment of all distributions, and do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any securityholder, which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the simplified prospectus before investing. Copies are available from your advisor or Invesco Canada Ltd. Series F shares or units are available to investors who have fee-based accounts with their dealer or have access to a discount brokerage platform through their dealer. Sales charges and trailing commissions are not payable for Series F shares or units; however, investors holding such series in fee-based accounts pay fees to their dealer for investment advice and other services.

Series I shares and units are special-purpose securities available to other Invesco Canada Funds, eligible institutional investors or other permitted investors and are not sold to the general public. The Series I performance data displayed does not reflect management and advisory fees. Each Series I investor negotiates its own management and advisory fee that is paid directly to us. Series I shares and units are not generally sold through Dealers, and no sales commissions are payable to Dealers for selling these shares or units. The performance of the series displayed may differ as a result of differences in charges, commissions and fees applicable to each series.

Performance of other Series may also differ, please visit www.invescocanada.com to view performance of other series.

Performance of Invesco Global Companies, Series I, as at March 31, 2022:

	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
Invesco Global Companies Fund, Series I	2.02	6.61	7.65	12.09
MSCI AC World Index (Net)	6.61	11.23	10.19	12.48

The views expressed above are based on current market conditions and are subject to change without notice; they are not intended to convey specific investment advice. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Although we make such statements based on assumptions that we believe to be reasonable, there can be no assurance that actual results will not differ materially from our expectations.

Invesco® and all associated trademarks are trademarks of Invesco Holding Company Limited, used under licence.