Invesco Europlus Fund

Quarterly review | As at September 30, 2021

Investment philosophy

The investment philosophy for Invesco Europlus Fund is simple; the portfolio management team (the "team") invests in primarily European high-quality businesses, with strong management at an attractive price. The team believes this philosophy will allow them to deliver a high active share portfolio that targets outperformance over a market cycle.

Performance summary

- Invesco Europlus Fund returned 1.51% gross of fees over the third quarter of 2021, outperforming its benchmark, the MSCI Europe Index, which returned 0.72% (net – C$) over the same period

Key contributors to performance

- The Fund's relative performance benefited from strong stock selection within the healthcare sector and an overweighting to the industrials sector which was a stronger performing benchmark sector over the period
- From a country perspective, stocks within France, Germany, and the United Kingdom contributed to relative performance
- The top contributors to Fund performance over the period included Eckert & Ziegler Strahlen-und Medizintechnik AG, Clarkson PLC, and Eurofins Scientific SE

Key detractors from performance

- Stock selection within communication services and information technology sectors detracted from relative performance
- From a country perspective, stocks within Poland and the Netherlands detracted from relative performance
- The top detractors from Fund performance over the period included Benefits Systems SA, Prosus NV, and Scout24 AG

Portfolio activity

- The Fund added two European names in the Information Technology sector
- The Fund's cash weight was reduced to 13.16% mostly due to adding two new names to the Portfolio
- The Fund continues to have an overweight in industrials and health care, and an underweight in financials and consumer staples

Investment outlook

The global economy continued its recovery in the third quarter, albeit with some significant headwinds caused by the spread of the COVID-19 delta variant. Supply chain disruptions also negatively impacted the pace of economic growth. On a positive note, vaccination levels rose while global COVID-19 infection rates dropped significantly by the end of the quarter.

While some major central banks have begun to tighten monetary policy, the US Federal Reserve (the "Fed") avoided announcing the start of tapering in the third quarter. The Fed continues to maintain a relatively dovish policy stance despite growing inflation concerns. While tapering is expected to start soon, the monetary policy environment is likely to remain very accommodative and supportive of risk assets.

After falling in the second quarter, the yield on the 10-year US Treasury bond rose in the third quarter, putting downward pressure on stocks. Also negatively impacting stocks was fallout from the China Evergrande crisis and more general concerns about greater regulation in

China. Global equities sold off in September, resulting in disappointing performance for the quarter. Commodities performed well in the third quarter, powered by strong gains in September. Energy was a standout within the commodity space, helped by a variety of factors on both the supply and demand side.

As we look ahead, our base case continues to anticipate that economies will accelerate as they reopen, but that any accompanying rise in inflation will be largely temporary. We continue to expect that in the short run, emerging markets countries will generally lag behind because of the obstacles they face vaccinating their respective populations. As economies re-open and spending increases, we believe inflation should remain elevated, especially in the United States. However, we anticipate it will then moderate to a rate faster than pre-crisis trends but not sufficient to induce aggressive action from central banks. Over the longer term, we expect demographics and innovation to place downward pressure on inflation.

It is also our expectation that we are likely to see more volatility in the near term, which is why we believe investors could benefit from broad diversification across and within asset classes.

Important information

Sources: Invesco Canada Ltd. as at September 30, 2021.

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.

	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
Invesco Europlus Fund (Gross)	**24.28**	**15.10**	**11.81**	**14.94**
MSCI Europe Index (Net-C$)	20.69	7.09	8.05	10.29

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.