Focus Fund of the Month
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Invesco Diversified Dividend Fund [LCEIX]

The S&P Capital IQ Focus Mutual Fund of the Month for March is Invesco Diversified Dividend Fund (LCEIX 15 *****), which earns our highest ranking of five star. We use a methodology that combines past performance metrics with analysis of the mutual fund's holdings and characteristics of the fund itself. Overall, we believe LCEIX stands out relative to other domestic equity funds for the quality of its holdings, its risk-adjusted track record and its below-average turnover rate.

Lead Portfolio Manager Meggan Walsh and Portfolio Manager Jonathan Harrington employ a dividend-focused investment strategy that seeks out companies they believe to have balance sheet strength, strong earnings quality and management teams that are good stewards of capital. Each holding in the portfolio pays a dividend and, in the eyes of management and the internal analysts, has room for dividend growth. Stocks are bought with a two-to-three-year holding period in mind, though the fund’s turnover will normally be around 25% according to Walsh; she said the latest turnover rate of 12% reflects the impact of strong inflows LCEIX and other share classes have been receiving. Management focuses on valuing a stock based on its normalized earnings power across a full-market cycle, which we think has helped them to identify cyclical companies in the financials and industrial sectors during the macroeconomic weakness. Stocks that are identified as having 35% total return potential over a two-year period are added to the portfolio, though when a stock declines 15% from the fund’s cost basis, its coverage will be temporarily shifted to a new analyst to further review the investment thesis and help determine if the position should be removed.

In seeking out our Focus Fund, we searched for a domestic equity value fund that had not only a strong long-term track record under current management but that held a number of stocks with above-average S&P Quality Rankings (a metric that reviews a company’s earnings and dividend record for consistent growth). While U.S. equity markets started off 2013 strongly, with the S&P 500 Index up 6% in the first two months, historically the market has been weaker in the May to September months of the year.

LCEIX outperformed its multi-cap value peers in both 2011 (-0.21% vs. -2.95%) and in 2012 (up 17.2% vs. 15.5%) and has an above-average one-, three- and five-year record as of January 31, 2013. The fund had a strong annualized total return of 5.8% vs. 3.1% in the five-year period, while its three-year record of 12.8% was ahead of the average’s 12.6%. On a risk-adjusted basis, the fund incurred a three-year standard deviation of 13.6 vs. the 17.2 peer average, yet generated a strong Sharpe ratio of 0.93 vs. 0.73. While these numbers are encouraging to us, we think the fund has other strong attributes, including a 0.91% net expense ratio (1.3% peer average) and holding many stocks S&P Capital IQ views favorably.
Unlike some dividend-focused funds that just have high exposure to defensive sectors such as consumer staples (22% of fund assets as of November 30, 2012) and utilities (11%), LCEIX has exposure to all 10 GICS sectors. Indeed, the second largest sector weighting is in financials (20%), though Walsh said this was the result of a bottom-up process to identify the best total return opportunities. One such financial position was in Zions Bancorp (ZION 25 ****), which Walsh said had an attractive deposit base and was working to improve its balance sheet by redeeming some of its expensive debt. She also believes that company can benefit from the trough of the interest rate cycle. S&P Capital IQ equity analyst Erik Oja also sees many positives for ZION such as improving credit quality, a sufficient allowance for loan losses and good regulatory capital ratios. He added that now that ZION has fully repaid its TARP obligation, a common stock dividend increase is likely. ZION currently has a 0.2% dividend yield. Standard & Poor’s Ratings Services, which operates independently from S&P Capital IQ, maintains a BBB- credit rating on the senior debt of ZION.

Within industrials, Pentair (PNR 53 ****) is a top-10 fund holding that makes water control devices and increased in size through a September 2012 merger with Tyco’s flow control unit. Walsh said the deal diversified PNR into a later cycle business, to contrast with early cycle operations, and improved its balance sheet. She expects margin expansion as the company improves its efficiency to support earnings growth. In late February, Pentair’s board recommended shareholders approve a higher dividend payout schedule beginning in the third quarter of 2013, following a dividend increase in January 2013. S&P Capital IQ equity analyst Stewart Scharf believes the company’s solid cash generation will also be used for share repurchases and sees strength continuing in emerging regions as Pentair expands further in the Middle East. The S&P Capital IQ Buy-recommended stock has a dividend yield of 1.8%.

While these holdings currently offer a dividend yield lower than the S&P 500 Index’s 2.2%, the fund also held top-10 stakes in consumer staples companies General Mills (GIS 47 ****) and Kimberly Clark (KMB 95 ***), which have dividend yields of 2.8% and 3.5%, respectively. Both have above-average S&P Quality Rankings of A and a history of raising their dividend payments annually. Overall, the fund had a 12-month yield of 2.9%, which was higher than the 2.7% of its peer group.

Invesco Diversified Dividend Fund earns a top five-star ranking from S&P Capital IQ for a combination of its strong record under current and long-tenured management, the quality of its holdings and favorable cost factors. For investors looking for a fund with a below-average risk profile, we think it is worthy of additional attention. S&P Capital IQ refreshes its rankings regularly so please visit the Funds tab of MarketScope Advisor for the latest report.

The fund rankings in this article - from five star (highest) to one star (lowest) - are quantitatively derived from performance, holdings, risk, and expense analysis. S&P Capital IQ Equity Research’s stock rankings or STARS - using a scale of 5-STARS (Strong Buy) to 1-STARS (Strong Sell) - are based on S&P Capital IQ equity analysts’ qualitative and fundamentally driven outlooks for stocks over the next 12 months.

Todd Rosenbluth,
S&P Capital IQ Director of ETF and Fund Research
Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer’s board of directors and the amount of any dividend may vary over time.

Fund objective: The fund’s investment objective is long-term growth of capital and, secondarily, current income.

Invesco Diversified Dividend Fund Investor Class Shares
Average Annual Total Returns (%) as of December 31, 2012

<table>
<thead>
<tr>
<th>Period</th>
<th>NAV</th>
<th>Gross expense ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception (7/15/05)</td>
<td>5.16</td>
<td>0.91</td>
</tr>
<tr>
<td>5 Years</td>
<td>4.06</td>
<td>Per the current prospectus.</td>
</tr>
<tr>
<td>3 years</td>
<td>10.45</td>
<td></td>
</tr>
<tr>
<td>1 Year</td>
<td>17.22</td>
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</tbody>
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Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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 so that you may have a gain or a loss when you sell shares. Investor Class shares have no sales charge; therefore performance is at NAV.

Top Ten Holdings as of 12/31/2012 % of Total Assets

<table>
<thead>
<tr>
<th>Company</th>
<th>% of Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>SunTrust Banks Inc.</td>
<td>3.04</td>
</tr>
<tr>
<td>General Mills Inc.</td>
<td>3.04</td>
</tr>
<tr>
<td>Heineken NV</td>
<td>2.99</td>
</tr>
<tr>
<td>Kimberly-Clark Corp.</td>
<td>2.53</td>
</tr>
<tr>
<td>Raytheon Co.</td>
<td>2.17</td>
</tr>
<tr>
<td>Pentair Ltd.</td>
<td>2.13</td>
</tr>
<tr>
<td>Zions Bancorporation</td>
<td>2.07</td>
</tr>
<tr>
<td>Masco Corp.</td>
<td>2.06</td>
</tr>
<tr>
<td>General Dynamics Corp.</td>
<td>2.06</td>
</tr>
<tr>
<td>Target Corp.</td>
<td>1.99</td>
</tr>
</tbody>
</table>

Holdings are subject to change and are not buy/sell recommendations.

Investor Class shares are available only to certain investors. See the prospectus for more information. Performance and expenses for other share classes will differ and may be subject to a sales charge. For more information, investors should consult their financial advisor.

About risk:

If interest rates fall, it is possible that issuers of debt securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the Fund in securities bearing the new, lower interest rates, resulting in a possible decline in the fund’s income and distributions to shareholders.

The issuer of instruments in which the fund invests may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer’s credit rating.

The fund’s foreign investments may be affected by changes in a foreign country’s exchange rates, political and social instability, changes in economic or taxation policies, difficulties when enforcing obligations, decreased liquidity, and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise; conversely, bond prices generally rise as interest rates fall. Specific bonds differ in their sensitivity to changes in interest rates depending on their individual characteristics, including duration.

The fund may accept investments from funds of funds, as well as from similar investment vehicles, such as 529 Plans. From time to time, the fund may experience large investments or redemptions due to allocations or rebalancings by these funds of funds and/or similar investment vehicles. While it is impossible to predict the overall impact of these transactions over time, there could be adverse effects on portfolio management. For example, the fund may be required to sell securities or invest cash at times when it would not otherwise do so. These transactions could also have tax consequences if sales of securities result in gains, and could also increase transaction costs or portfolio turnover.

The investment techniques and risk analysis used by the fund’s portfolio managers may not produce the desired results.

The prices of and the income generated by the fund’s securities may decline in response to, among other things, investor sentiment, general economic and market conditions, regional or global instability, and currency and interest rate fluctuations.

The fund emphasizes a value style of investing, which focuses on undervalued companies with characteristics for improved valuations. This style of investing is subject to the risk that the valuations never improve or that the returns on value equity securities are less than returns on other styles of investing or the overall stock market. Value stocks also may decline in price, even though in theory they are already underpriced.
S&P FUND RANKING METHODOLOGY DISCLOSURES
S&P’s Mutual Fund Rankings provide S&P’s quantitative and holistic assessment of the performance, risk profile, and relative costs of a given fund compared to other mutual funds in its category. Rankings range from ***** (highest) to * (lowest) and follow a normalized distribution curve.

Fund Rank in Category S&P Ranking
Top 10% *****
Next 20% ****
Middle 40% ***
Next 20% **
Bottom 10% *

S&P Mutual Fund Ranking Methodology and Inputs
The overall Mutual Fund ranking is based on a weighted average computation of three components – performance analytics, risk considerations, and cost factors – that evaluate, relative to its peers, a fund’s underlying holdings, its historical performance, and characteristics of the fund.

Ratings allocations are based upon ratings assigned by Standard & Poor’s. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Not Rated indicates the debtor was not rated and should not be interpreted as indicating low quality. For more information on Standard and Poor’s rating methodology, please visit standardandpoors.com and select “Understanding Ratings” under Rating Resources on the home page.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE
Click for prospectus.

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.
Diversification does not guarantee a profit or eliminate the risk of loss.

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.

Standard deviation measures a fund’s range of total returns and identifies the spread of a fund’s short-term fluctuations. 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. The S&P 500® Index is an unmanaged index considered representative of the US stock market. Regulatory capital ratio is a comparison between a banking firm’s core equity capital and total risk-weighted assets.

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