



Invesco Equity and Income Fund

Quarterly Performance Commentary

Nasdaq: A: ACEIX Y: ACETX R: ACESX R6: IEIFX R5: ACEKX

Investment objective

The fund seeks current income and, secondarily, capital appreciation.

Portfolio management

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Portfolio information

Total Net Assets	\$13,587,519,075
Total Number of Holdings	377

Top equity holdings

% of total net assets

Citi	3.40
Bank of America	2.70
Johnson & Johnson	2.08
AIG	2.07
JPMorgan Chase	1.99
General Motors	1.72
Morgan Stanley	1.62
Philip Morris	1.60
Oracle	1.60
Mondelez	1.56

Top contributors

% of total net assets

1. AIG	2.07
2. Citi	3.40
3. Anadarko Petroleum	0.00
4. JPMorgan Chase & Co.	1.99
5. Charter Communications	1.43

Top detractors

% of total net assets

1. Capri Holdings	0.84
2. Philip Morris	1.60
3. Occidental Petroleum	0.39
4. Marathon Oil	0.86
5. Devon Energy	1.11

Market overview

- Though the S&P 500 Index posted a modest gain of 4.30% for the second quarter, the US stock market experienced increased volatility. After four consecutive months of rising prices, stocks sold off in May, with the S&P 500 falling 6.58%. Bond yields and oil prices also fell as investors weighed the impact of the ongoing US/China trade war and potential for new tariffs on Mexican imports. Additionally, data showed slowing in the US and global economies. Equity markets recovered in June as the S&P 500 returned 7.05%, its best June performance since 1955. The Federal Reserve left interest rates unchanged at its June Federal Open Market Committee meeting, but signaled a less restrictive stance, leading some investors to anticipate a future rate cut. US large and mid-cap stocks outperformed small-cap stocks and growth outperformed value for the quarter.

Performance highlights

- The fund's Class A shares at net asset value (NAV) underperformed the Russell 1000 Value Index during the quarter. (Please see the investment results table on page 2 for fund and index performance.) Within the Russell 1000 Value Index, financials and industrials had the strongest gains, while energy was the only sector with a negative return.

Contributors to performance

- Stock selection and an overweight in financials added the most to relative return during the quarter. Within the sector, **Citigroup**, **American International Group** and **JPMorgan Chase & Co.** were notable contributors. During the quarter, **AIG** reported better-than-expected earnings and benefited from improving profit margins, specifically in its property and casualty commercial business. **Citigroup** and **JPMorgan** both reported robust revenues, which boosted their shares.

- Stock selection in energy also added to relative performance, largely due to **Anadarko Petroleum**. Shares of the company rose sharply in April after both **Chevron** (0.92% of total net assets) and **Occidental Petroleum** submitted bids to acquire the company. **Occidental** ultimately prevailed with a \$38 billion offer. The deal is expected to close in the second half of 2019.

Detractors from performance

- Stock selection in consumer discretionary was the primary driver of the fund's underperformance, and **Capri Holdings** was the largest individual detractor within the sector. The company's Michael Kors brand has suffered from declining sales, and the company reduced its 2020 outlook for the brand. However, the company's Jimmy Choo and Versace brands have shown improvement, and the company is focusing more on accessories, which we believe should boost profit margins.

- Security selection in materials, consumer staples and health care also detracted from relative performance. Within consumer staples, **Philip Morris International** was a key detractor. The stock has underperformed due to concerns about competition in the "non-burn" tobacco market, as well as a lawsuit filed in Brazil to recoup health care costs for smokers. We believe the stock is attractively valued as the company has market-leading positions.

- The fund's allocations to high quality bonds and convertible securities delivered positive returns, but underperformed the Russell 1000 Value Index and detracted from relative return during the quarter.

Positioning and outlook

- At quarter end, the fund's overall positioning was largely unchanged. The portfolio's largest overweights compared to the Russell 1000 Value Index were in financials and energy. The largest underweights were in utilities and real estate.

- We expect market volatility to continue for the foreseeable future given potential for a slowing global economy and uncertainty about US-imposed trade tariffs.

- As always, we seek to invest in companies with attractive valuations and strong fundamentals, qualities that we believe will ultimately be reflected in those companies' stock prices.

Investment results

Average annual total returns (%) as of June 30, 2019

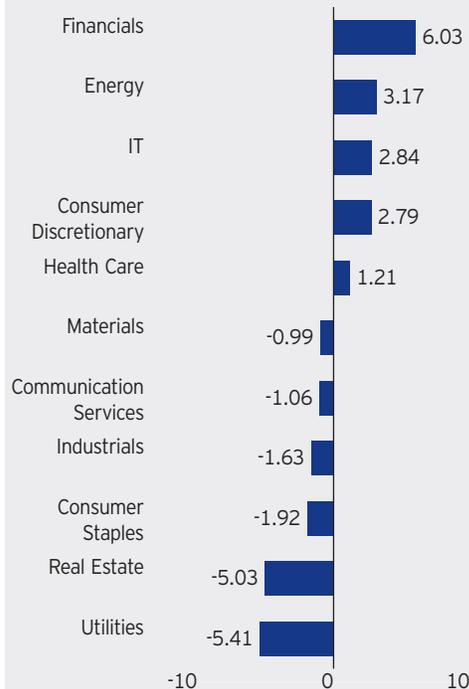
	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Broad-Based Index
	Inception: 08/03/60	Inception: 12/22/04	Inception: 10/01/02	Inception: 09/24/12	Inception: 06/01/10	Russell 1000 Value Index
Period	NAV	NAV	NAV	NAV	NAV	
Inception	10.04	6.90	7.66	-	-	-
10 Years	10.09	10.36	9.81	10.38	10.42	13.19
5 Years	5.51	5.78	5.25	5.93	5.83	7.46
3 Years	8.57	8.85	8.30	8.98	8.91	10.19
1 Year	3.48	3.74	3.21	3.90	3.80	8.46
Quarter	3.30	3.37	3.22	3.41	3.38	3.84

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, and you may have a gain or a loss when you sell shares. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Class R5 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R5 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.

Asset mix (%)	Expense ratios	% net	% total	
Dom Common Stock	54.25	Class A Shares	0.78	0.79
Intl Common Stock	7.34	Class Y Shares	0.53	0.54
Dom Corp Bonds	9.93	Class R Shares	1.03	1.04
Intl Corp Bonds	2.60	Class R6 Shares	0.39	0.40
Dom Convert Bonds	6.38	Class R5 Shares	0.48	0.49
Intl Convert Bonds	0.96	Per the current prospectus		
Dom Convert Prfd	0.51	Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2020. See current prospectus for more information.		
Dom Gov Bonds	11.67			
Dom Preferred Stock	0.03			
Cash	5.87			
Other	0.46			

The fund's positioning versus the Russell 1000 Value Index (% underweight/overweight)



The fund's positioning against the index is based on the equity weightings of the fund.

Valuation statistics	fund	index
12-Month Forward P/E	12.16	14.33
12-Month Trailing P/E	13.22	15.15
Price/Book (Wtd. Avg.)	2.70	2.88
1-Year ROE (Wtd. Avg.)	14.09	14.40
12-Month Fwd. Growth Rate (Median) (%)	9.15	7.28
3-Year EPS Growth Rate (Wtd. Avg.) (%)	8.00	6.85
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	13.38	9.16
Weighted Average Market Cap (\$MM)	117,952	129,422
Weighted Median Market Cap (\$MM)	70,787	67,975

Source: FactSet Research Systems Inc.

For more information you can visit us at www.invesco.com/us

Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information. Asset allocation/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.

The Russell 1000® Value Index is an unmanaged index considered representative of large-cap value stocks. The Russell 1000 Value Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co. 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.

12-month forward and trailing P/E are calculated using weighted harmonic averaging, which helps avoid extreme results that may occur due to small relative numbers in the denominator. It doesn't exclude extreme values; instead, it reduces the effect of outliers on the aggregate calculation. The **price/book ratio** is the market price of a stock divided by the book value per share. **Return on equity (ROE)** is net income divided by net worth. The **median 12-Month Fwd. Growth Rate** is the percent change between the next twelve months' mean EPS estimate and the previous twelve months' actuals. The **three-year EPS growth rate** is a weighted average of each stock's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. The **five-year dividend growth rate** is the weighted average of each stock's annualized percentage rate of growth in dividend yield over five years. The three-year EPS and five-year dividend growth rates are not forecasts of fund performance.

About risk

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.

An issuer 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.

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 can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

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.

A value style of investing is subject to the risk that the valuations never improve or that the returns will trail other styles of investing or the overall stock markets.

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.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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](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. Advisors, 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.