



# Invesco Equity and Income Portfolio

## Quarterly Performance Commentary

CUSIPS: RZ:76222X570 RA:76222X588

### Investment objective

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

### Portfolio management

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Management is that of the underlying fund.

### Portfolio information

Total net assets \$20,726,538

Total number of holdings 377

Holdings shown are that of the underlying fund.

### Top equity holdings

#### % of total net assets

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

Holdings are that of the underlying fund (equity positions only), subject to change and are not buy/sell recommendations.

### 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

Data shown is that of the underlying fund.

### 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

Data shown is that of the underlying fund.

Portfolio commentary provided is based on the underlying fund.

### 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 portfolio's Class RZ units at net asset value (NAV) underperformed the Russell 1000 Value Index during the quarter. (Please see the investment results table on page 2 for portfolio 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 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 underlying 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 underlying fund's overall positioning was largely unchanged. The 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

Period	Class RZ units		Class RA units	Style-Specific Index
	Inception: 07/08/16		Inception: 07/08/16	Russell 1000 Value Index
	Max Load 4.00%	NAV	NAV	
Inception	7.21	8.70	8.44	-
1 Year	-0.31	3.81	3.66	8.46
Quarter	-0.77	3.39	3.33	3.84

The performance quoted is past performance and is not a guarantee of future results. Investment returns and principal value of an investment will fluctuate so that an account owner's units, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data shown. For up-to-date month-end performance information please call 877 615 4116, or visit [collegebound529.com](http://collegebound529.com). Performance figures reflect reinvested distributions of the underlying security and changes in net asset value (NAV). Performance shown at NAV for Class RZ units does not include applicable front-end sales charges, which would have reduced the performance. Class RA units have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Index returns do not reflect any fees, expenses, or sales charges.

Index source: FactSet Research Systems Inc.

### Asset mix (%)

Dom Common Stock	54.25
Intl Common Stock	7.34
Dom Corp Bonds	9.93
Intl Corp Bonds	2.60
Dom Convert Bonds	6.38
Intl Convert Bonds	0.96
Dom Convert Prfd	0.51
Dom Gov Bonds	11.67
Dom Preferred Stock	0.03
Cash	5.87
Other	0.46

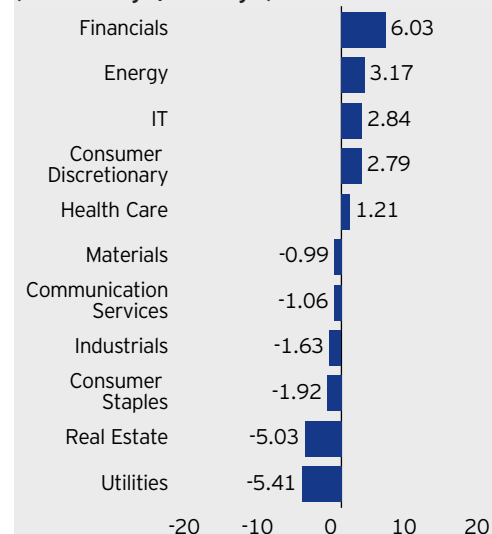
Data shown is that of the underlying fund.

### Expense ratios (%)

Class RZ units	0.37
Class RA units	0.64
Total annual asset-based fee per the current Program Description.	

## The portfolio's positioning versus the

(% underweight/overweight)



Data shown is that of the underlying fund.

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

## For more information you can visit us at [collegebound529.com](http://collegebound529.com)

Class RZ units and Class RA units are available only to certain investors who are residents of the State of Rhode Island. See the Program Description for more information.

The underlying 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.

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## About risk

### Risks of the Underlying Holding

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 portfolio is subject to certain other risks. Please see the current Program Description for more information regarding the risks associated with an investment in the portfolio.

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All data provided by Invesco unless otherwise noted.