

Invesco Dividend Income Fund

Q1 2025

Key takeaways

1 Navigating a shifting market
The fund outperformed the Russell 1000 Value Index due to strong stock selection in several sectors, despite underperformance in information technology (IT), materials and financials.

2 Dual focus on free cash flows and healthy balance sheets
The fund is balanced across sectors and industries, with a focus on long-term growth areas and companies with sustainable free cash flow and healthy balance sheets, which results in an overall quality bias and defensive characteristics.

3 Renewed interest in dividend paying stocks
In an environment characterized by high uncertainty and the possibility of more muted or even negative returns, we believe investors will place greater emphasis on companies with stable dividends.

Investment objective

The fund seeks current income and long-term growth of capital.

Fund facts

Fund AUM (\$M) 3,597.83

Portfolio managers

Peter Santoro, Caroline Le Feuvre, Christopher McMeans, Craig Leopold

Manager perspective and outlook

- 2025 started with positive expectations for the US economy and markets, but sentiment appeared to reverse by mid-February.
- Concerns seemed to arise as ambiguity about Trump administration tariff policies appeared to spark fears of a prolonged trade war and possible recession.
- Forecasts for 2025 US GDP growth seemed to dim considerably amid tariff uncertainty.
- Reflecting growing concerns about the economy, the University of Michigan's consumer sentiment index fell to its lowest level since November 2022.
- Inflation appeared to stabilize somewhat but remained higher than the US Federal Reserve's (Fed) 2% target. Unemployment stayed low, but employment data showed signs of softening.
- Against this backdrop, the Fed noted that "inflation remains somewhat elevated" and held benchmark interest rates steady, with no cuts expected until mid-2025.
- We believe the fund is well-positioned to defend against the downside if market and geopolitical uncertainty leads to continued volatility in 2025 and should also be well-positioned to capture a good portion of the upside if markets move higher.
- Additionally, we believe investors will place a greater focus on dividend paying stocks in 2025 and beyond. In the past, dividends have accounted for a much larger portion of total return than they have over the last decade. However, if we enter a period with more normal returns, dividends could make up a much larger portion of total return.



Top issuers

(% of total net assets)

	Fund	Index
JPMorgan Chase & Co	3.37	2.77
Johnson & Johnson	2.95	1.61
Lowe's Cos Inc	2.76	0.53
McDonald's Corp	2.75	0.85
Chevron Corp	2.64	1.10
UnitedHealth Group Inc	2.55	1.80
Walmart Inc	2.48	1.53
Philip Morris International Inc	2.30	0.99
American International Group Inc	2.21	0.22
Chubb Ltd	2.14	0.49

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Compared to the Russell 1000 Value Index, the fund is generally balanced across sectors and industries, with exposure to areas that have been benefiting from long-term secular growth tailwinds, including e-commerce, electric vehicles, cloud computing, industrial automation, medical technology and broadband. Our dual focus on companies generating sustainable levels of free cash flow and having healthy balance sheets gives the fund a quality bias, with defensive characteristics that we believe should be valuable if volatility persists in 2025.

Notable Additions to the fund

Procter & Gamble is a multinational consumer goods company with an array of personal health, personal care and hygiene products. In our view, it has reliably good fundamentals with fewer headwinds than food & beverage staples companies, which we believe offers potential for upside and solid downside protection.

Bristol-Myers Squibb is a leading pharmaceutical products maker. We believe earnings revisions have hit an inflection point as estimates bottomed in 2024. Core products and new product launches also appear to be driving momentum in 2025.

Texas Instruments is a leading semiconductor company. We see potential for stock outperformance as a cyclical recovery unfolds, driving attractive returns from capacity expansion and renewed confidence in its business model.

Bank of America stock is in our view attractively valued due to recent market rotation and technical selling. We believe it presents an attractive entry point for a quality money center with a resilient revenue mix.

Eaton's recent stock price pullback created in our view an attractive opportunity to initiate a position.

Notable Sales

Deutsche Telekom was sold because the stock had performed well and was approaching our price target. We also had concerns about emerging headline risks that might have a disproportionate effect on the stock.

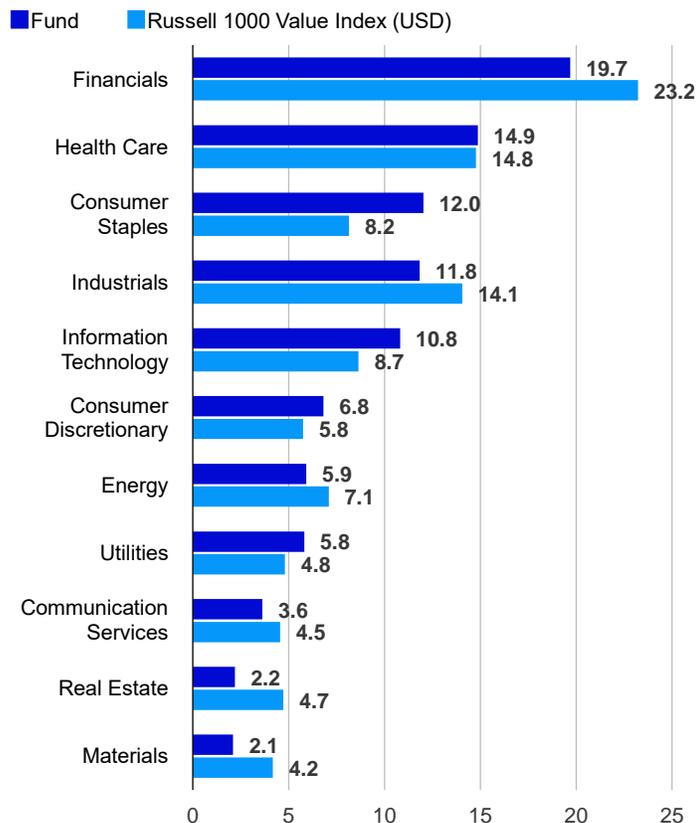
ABB was sold and we used the proceeds to initiate a position in Eaton. A stock price pullback created an opportunity for us to upgrade to a higher quality US-domiciled stock.

Weyerhaeuser was sold to reduce exposure to housing and construction.

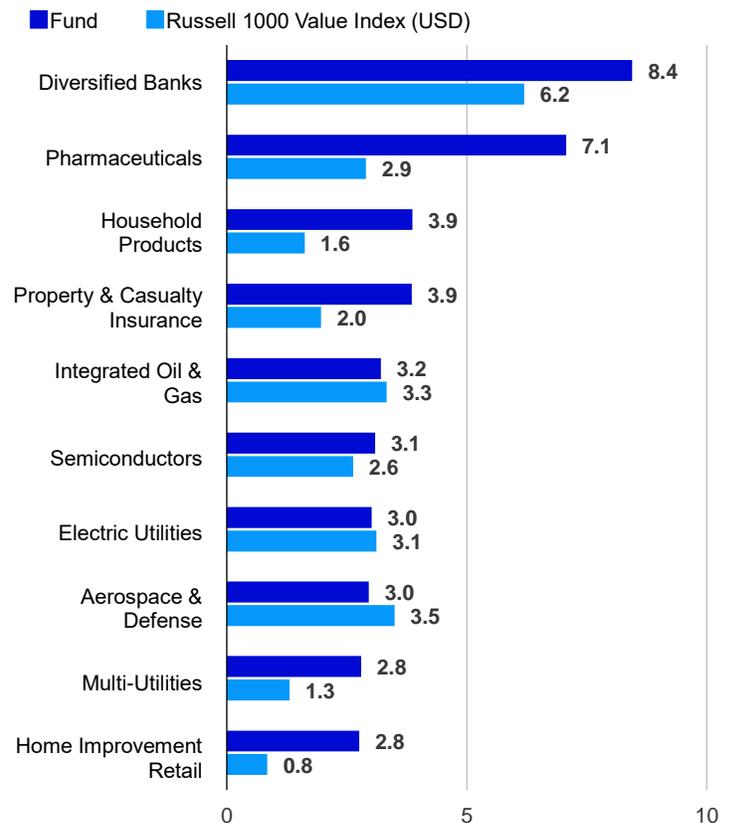
US Bancorp was sold and we used the proceeds to initiate a position in Bank of America. In the current environment, we prefer big banks over regional banks due to capital relief and their ability to better navigate volatility.

Analog Devices was sold due to concerns about ongoing weakness in industrial end markets as inventory levels correct and lack of visibility for when this might improve.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Philip Morris International Inc.	33.06	0.81
Chevron Corporation	16.77	0.39
Johnson & Johnson	15.59	0.38
American International Group, Inc.	19.99	0.37
AT&T Inc.	25.79	0.35

Top detractors (%)

Issuer	Return	Contrib. to return
Broadcom Inc.	-27.56	-0.32
Salesforce, Inc.	-19.73	-0.25
Microsoft Corporation	-10.76	-0.22
Walt Disney Company	-11.36	-0.21
Marriott International, Inc.	-14.41	-0.19

Performance highlights

The fund delivered a positive return for the quarter and outperformed the Russell 1000 Value Index. Stock selection in the consumer staples, industrials, health care and consumer discretionary sectors helped drive relative outperformance. An overweight in consumer staples and an underweight in the industrials sector also boosted relative results. Conversely, an overweight in the IT sector was the leading detractor from relative return as higher valuation stocks in the sector sold off amid apparently declining investor sentiment toward the economy. Stock selection in the materials and financials sectors also dampened relative results, partly due to apparent tariff concerns and growing potential for loan defaults.

Contributors to performance

Philip Morris International delivered quarterly earnings that exceeded analysts' expectations, with strong sales volumes on its traditional tobacco and smoke-free segments.

Chevron released a quarterly earnings report that fell short of analysts' estimates, yet its share price ended the period in positive territory. Momentum was fueled by solid annual growth projections and efforts to streamline the business and cut operational costs through divestitures of select assets.

Johnson & Johnson performed well during the quarter due to earnings and revenue that surpassed analysts' estimates. Strong sales in its innovative medicine and medical technology segments drove top-line growth.

Detractors from performance

Broadcom experienced weakness during the quarter along with other artificial intelligence (AI)-related stocks due to ongoing apparent concerns about the effect of tariffs on the broader economy and a potential slow-down in AI-related spending.

Salesforce delivered a mixed quarterly report. Earnings beat analysts' expectations, but sales were weaker than expected. Forward looking sales guidance was also below expected targets causing a decline in share price.

Microsoft shares sold off following disappointing earnings results and forward guidance as Azure growth came in at the low end of expectations. Reacceleration of Azure's growth, which had been forecast for the second half of 2025, has now been delayed a quarter or two due to internal execution issues.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Investor shares inception: 06/02/86	NAV	2.75	2.75	6.61	5.98	13.03	7.58	8.37
Class A shares inception: 03/28/02	NAV	2.78	2.78	6.59	6.00	13.04	7.58	8.25
	Max. Load 5.5%	-2.88	-2.88	0.74	4.01	11.77	6.98	7.99
Class R6 shares inception: 09/24/12	NAV	2.86	2.86	6.98	6.36	13.44	7.98	9.28
Class Y shares inception: 10/03/08	NAV	2.81	2.81	6.87	6.25	13.31	7.85	8.93
Russell 1000 Value Index (USD)		2.14	2.14	7.18	6.64	16.15	8.79	-
Total return ranking vs. Morningstar Large Value category (Class Investor shares at NAV)		-	-	54% (609 of 1160)	72% (777 of 1094)	93% (960 of 1034)	85% (680 of 812)	-

Expense ratios per the current prospectus: Class Investor: Net: 0.94%, Total: 0.94%; Class A: Net: 0.93%, Total: 0.93%; Class R6: Net: 0.60%, Total: 0.60%; Class Y: Net: 0.69%, Total: 0.69%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) 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. Returns less than one year are cumulative; all others are annualized. On Feb. 6, 2013, the fund's investment strategy eliminated a requirement to concentrate its investments primarily in the securities of issuers in utilities-related industries. Results prior to Feb. 6, 2013, reflect the performance of the fund's previous strategy. Index source: FactSet Research Systems Inc. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Investor, Y and R6 shares have no sales charge; therefore, performance is at NAV. Class Y shares are available only to certain investors. Class Investor and R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class Investor shares at NAV	3.41	15.71	9.05	-7.37	18.31	0.57	18.98	0.61	7.03	11.36
Class A shares at NAV	3.42	15.69	9.08	-7.38	18.31	0.58	18.97	0.63	7.03	11.36
Class R6 shares at NAV	3.81	16.17	9.45	-7.03	18.76	1.01	19.41	0.93	7.42	11.72
Class Y shares at NAV	3.67	16.00	9.37	-7.14	18.60	0.84	19.24	0.84	7.31	11.64
Russell 1000 Value Index (USD)	-3.83	17.34	13.66	-8.27	26.54	2.80	25.16	-7.54	11.46	14.37

Portfolio characteristics*

	Fund	Index
No. of holdings	66	870
Top 10 issuers (% of AUM)	26.77	18.18
Wtd. avg. mkt. cap (\$M)	248,615	190,346
Price/earnings	19.46	18.75
Price to book	2.97	2.58
Est. 3 – 5 year EPS growth (%)	9.73	9.51
ROE (%)	18.45	16.09
Long-term debt to capital (%)	45.73	40.51
Operating margin (%)	21.30	19.22

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.51	0.00
Beta	0.81	1.00
Sharpe ratio	0.76	0.82
Information ratio	-0.65	0.00
Standard dev. (%)	13.74	16.42
Tracking error (%)	4.78	0.00
Up capture (%)	68.40	100.00
Down capture (%)	87.24	100.00
Max. drawdown (%)	14.04	17.75

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.05	0.01	-0.04
Consumer Discretionary	-0.03	0.20	0.17
Consumer Staples	0.09	0.46	0.54
Energy	-0.14	-0.01	-0.14
Financials	-0.02	-0.22	-0.24
Health Care	-0.06	0.50	0.44
Industrials	0.13	0.33	0.46
Information Technology	-0.22	-0.04	-0.26
Materials	0.02	-0.27	-0.25
Real Estate	-0.02	0.19	0.16
Utilities	0.02	0.01	0.03
Cash	0.03	0.00	0.03
Total	-0.25	1.16	0.91

Holdings are subject to change and are not buy/sell recommendations. Attribution methodology notes: The attribution provides analysis of the effects of several portfolio management decisions, including allocation and security selection. Securities classified as "Other" may include non-equity securities, derivatives, and securities for which a sector classification may not be appropriate. The portfolio is actively managed and portfolio holdings are subject to change. The percentage weights represented for the portfolio are dollar weighted based on market value. **Market allocation effect** shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Selection effect** shows the excess contribution due to security selection. A positive selection effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. **Total effect** is the difference in contribution between the benchmark and portfolio. **Past performance does not guarantee future results.**

Unless otherwise specified, all information is as of 03/31/25. Unless stated otherwise, Index refers to Russell 1000 Value Index (USD).

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.

About Risk

Securities that pay high dividends as a group can fall out of favor with the market, causing such companies to underperform companies that do not pay high dividends. Also changes in the dividend policies of the companies and the capital resources available for such companies' dividend payments may affect the fund.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

The Fund's value may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall or rise sharply at times. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

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.

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.

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. Financial professionals, please contact your home office.

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.

* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **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. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period. **Weighted Average Market Cap** is a measure of the average size of company held in a portfolio. The percentage of the portfolio invested each company, or its weight, is multiplied by its size (market capitalization). An average of the weighted size of all companies held is then calculated. **Price/earnings** measures the price per share relative to the earnings per share of the company while excluding extraordinary items. **Price to book** measures the firm's capitalization (market price) to book value. **Est. 3-5 year EPS (Earning per share) growth** measures the earning per share growth from FY3 to FY5. **ROE** is the Return on Equity that measures the fund's annual return relative to total shareholders' equity. This ratio evaluates how quickly investments can be turned into profits. **Long-term debt to capital** measures a fund's financial leverage by calculating the proportion of long-term debt used to finance its assets relative to the amount of equity used for the same purpose. A higher ratio indicates higher leverage. **Operating margin** measures the profit a fund makes for every dollar of sales after paying the variable expenses. **Contribution to Return** measures the performance impact from portfolio holdings over a defined time period. It takes into account both weight and performance of the portfolio holdings. Contribution to Return is calculated at security level.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.