

Invesco Equity and Income Fund

Q1 2026

Key takeaways

1 The fund underperformed its benchmark
Stock selection in information technology (IT), real estate, consumer staples and health care drove the fund's underperformance during the quarter. Conversely, selection in industrials, energy and utilities aided the fund's relative return.

2 Fixed income and convertible security holdings detracted from relative return
The fund holds US Treasuries and high-grade corporate bonds and convertible securities as an income source and to provide a measure of stability in volatile markets. These holdings lagged the Russell 1000 Value Index.

3 The team added one new holding during the quarter
We purchased a new holding in the consumer discretionary sector. We also eliminated several holdings, using the proceeds to fund investments we believe have better risk/reward profiles.

Investment objective

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

Fund facts

Fund AUM (\$M)	12,560.04
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Portfolio managers

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William Guthrie

Manager perspective and outlook

- US financial markets had a volatile first quarter, marked by shifting monetary policy expectations, geopolitical instability and uneven economic data.
- Equities started the year on firm footing as earnings remained generally solid and market leadership had broadened beyond mega cap growth stocks. However, volatility increased in late February and March as conflict in Iran, rising energy prices and ongoing concerns about artificial intelligence (AI) disruption appeared to weigh on investors' risk appetites. US Treasury yields rose during the quarter, seemingly reflecting shifting expectations for interest rate cuts and elevated inflation data.
- Amid the volatility, the S&P 500 Index returned -4.33%, its worst quarterly return since 2022¹. Energy stocks led, while financials, consumer discretionary and IT lagged.
- Geopolitical tensions and the resulting higher energy prices are likely to weigh on financial markets for the foreseeable future, which could prompt additional volatility.
- Regardless of the economic environment, we continue to focus on our fundamental analysis so we can move quickly to take advantage of new opportunities as they become available.
- As always, we seek to invest in companies with attractive valuations and strong fundamentals, qualities we believe will ultimately be reflected in those companies' stock prices.



Top equity issuers

(% of total market value)

	Fund	Index
Wells Fargo & Co	1.90	0.81
Amazon.com Inc	1.89	1.81
Bank of America Corp	1.71	0.97
ConocoPhillips	1.59	0.54
Alphabet Inc	1.55	3.55
Philip Morris International Inc	1.53	0.85
Microsoft Corp	1.46	0.00
Johnson Controls International plc	1.41	0.26
Citizens Financial Group Inc	1.39	0.08
Johnson & Johnson	1.36	1.94

As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

We purchased a new holding in the consumer discretionary sector. We also eliminated several holdings, using the proceeds to fund investments we believe have better risk/reward profiles.

New holding:

Estée Lauder: Estée Lauder's recent performance had been undermined by weak innovation, inventory issues and high operating costs, but management has since reset the cosmetics company's strategy, replaced the CEO and launched a material restructuring with its "Beauty Reimagined" plan. The plan is expected to accelerate innovation and reposition distribution to omnichannel, which we believe will lead to a profit margin recovery that should improve earnings.

Eliminated Holdings:

Procter & Gamble: The company has performed well since we originally purchased it so we took profits and used part of the proceeds to fund the purchase of Estée Lauder.

Salesforce: Shares of the customer relationship management software provider came under pressure amid fears that AI could disrupt its business model. Salesforce is entering a large contract renewal cycle, and given the near-term uncertainty, we sold it to fund other opportunities with what we saw as better risk/reward profiles.

Oracle: Shares of the software maker also sold off amid speculation that AI could disrupt its business. In light of these developments, we saw better relative opportunities among the fund's other software holdings, so we sold the stock and redeployed the assets into stocks where we have higher conviction.

Ralliant: The company's guidance pointed to weaker-than-expected margins and earnings and higher operating costs, leading us to lose confidence in the management team. We sold this position to add to other stocks with better risk/reward profiles.

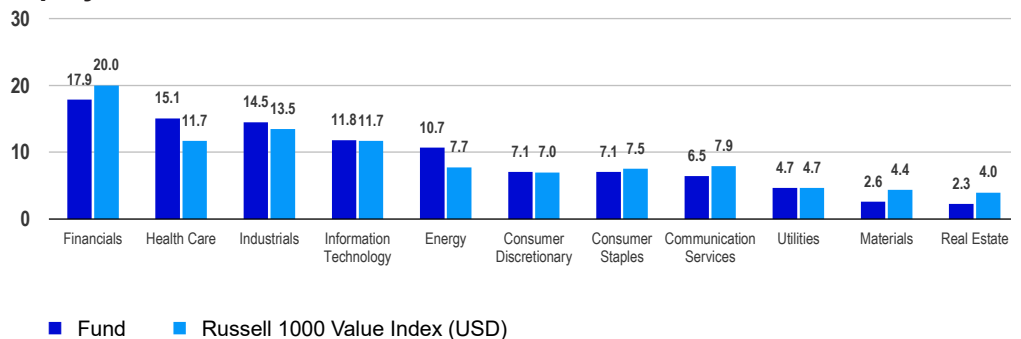
Zebra Technologies: Memory costs have been rising, particularly for dynamic random-access memory (DRAM) and flash components used in Zebra Technologies' mobile computers, scanners, printers and radio frequency identification (RFID) devices. We expect these higher costs to be a headwind for gross margins in the near term. Though demand has remained robust, we chose to sell the stock to fund opportunities with what we consider better earnings visibility.

Humana: The company has been seeing growth in areas we consider less favorable, potentially leading to lower margins. We sold the stock as a funding source for other opportunities.

Asset mix

Dom Common Stock	60.02
Dom Corporate Bond	10.85
Dom Convertible Bond	9.21
Dom Government Bond	8.63
Intl Common Stock	3.74
Intl Corporate Bond	1.02
Other	0.59
Cash	5.95

Equity sector breakdown (% of total market value)



Top equity contributors

Issuer	Return	Contrib. to return
ConocoPhillips	42.08	0.58
Chevron Corporation	37.09	0.44
Exxon Mobil Corporation	41.95	0.42
Coherent Corp.	29.06	0.41
Vertiv Holdings Co	54.71	0.40

Top equity detractors

Issuer	Return	Contrib. to return
Microsoft Corporation	-23.28	-0.50
Wells Fargo & Company	-14.17	-0.37
Bank of America Corporation	-10.85	-0.25
Walt Disney Company	-15.29	-0.25
Fidelity National Information Services, Inc.	-28.80	-0.25

Performance highlights

From an equity sector standpoint, stock selection in IT, real estate, consumer staples and health care drove the fund's underperformance. The fund's holdings in high grade fixed income and convertible securities also detracted from relative return. Conversely, selection in industrials, energy and utilities aided the fund's relative return. An underweight in financials helped relative performance, but the sector also had some of the fund's largest individual detractors.

Contributors to performance (equity only)

ConocoPhillips: The company benefited from higher oil prices and broader strength across the energy sector, which supported cash flow expectations for upstream producers.

Chevron: Shares rose due to higher oil prices, as the overall energy sector benefited from tight global energy supplies amid heightened geopolitical risk.

Exxon Mobil: The oil giant also benefited from higher oil prices and constrained supply. Robust production growth and the company's continued focus on capital discipline also supported the stock.

Vertiv: The company's shares rose due to strong demand for data center power and cooling solutions, continued order and backlog growth, and higher full year 2026 financial guidance.

Coherent: The company reported strong earnings and revenue growth primarily driven by sustained demand from AI-related data center and communications markets.

Detractors from performance (equity only)

Microsoft: Despite solid cloud and AI-related revenue growth, shares of the software giant declined as signs of softening in its Azure cloud platform and higher capital expenditures seemed to worry investors. While earnings continued to benefit from robust demand for AI-enabled products, the broader rotation out of large-cap technology stocks appeared to weigh on Microsoft shares.

Wells Fargo: A softer outlook for net interest income appeared to weigh on shares as changing interest rate expectations created headwinds across the banking sector.

Bank of America: Despite reporting better-than-expected earnings, management provided more cautious guidance for net interest income for the full year due to interest rates potentially remaining "higher for longer."

Walt Disney: Shares declined after the company released a modest growth outlook for its Experiences segment, which includes theme parks, citing weaker demand from international visitors at US parks as well as higher costs tied to cruise launches and large scale park expansions.

KKR: Shares declined amid a broader selloff across alternative asset managers, driven by concerns about private credit risk, a lower near term outlook for performance fees, and broader risk aversion in a more volatile, higher rate environment.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 08/03/60	NAV	0.54	0.54	13.32	11.62	7.00	8.84	9.92
	Max. Load 5.5%	-4.99	-4.99	7.13	9.54	5.79	8.22	9.82
Class R6 shares inception: 09/24/12	NAV	0.63	0.63	13.74	12.03	7.37	9.26	9.07
Class Y shares inception: 12/22/04	NAV	0.70	0.70	13.61	11.94	7.27	9.11	7.60
Russell 1000 Value Index (USD)		2.10	2.10	15.87	14.31	9.43	10.58	-
Total return ranking vs. Morningstar Moderate Allocation category (Class A shares at NAV)		-	-	36% (199 of 488)	35% (189 of 465)	28% (136 of 447)	28% (104 of 371)	-

Expense ratios per the current prospectus: Class A: Net: 0.76%, Total: 0.77%; Class R6: Net: 0.41%, Total: 0.42%; Class Y: Net: 0.51%, Total: 0.52%.

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. Index source: RIMES Technologies Corp. 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 Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	14.83	10.88	-9.65	20.08	9.97	18.02	-7.72	9.99	11.81	12.81
Class R6 shares at NAV	15.32	11.34	-9.29	20.44	10.45	18.43	-7.37	10.41	12.21	13.22
Class Y shares at NAV	15.13	11.16	-9.42	20.37	10.16	18.42	-7.57	10.39	12.08	12.99
Russell 1000 Value Index (USD)	17.34	13.66	-8.27	26.54	2.80	25.16	-7.54	11.46	14.37	15.91

Portfolio characteristics*

	Fund	Index
No. of holdings	359	867
Top 10 issuers (% of AUM)	21.01	19.34
Wtd. avg. mkt. cap (\$M)	425,587	370,431
Price/earnings	19.93	19.80
Price to book	2.82	3.00
Est. 3 – 5 year EPS growth (%)	13.29	10.99
ROE (%)	15.28	17.58
Long-term debt to capital (%)	38.50	37.70
Operating margin (%)	19.59	20.29

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.04	0.00
Beta	0.76	1.00
Sharpe ratio	0.32	0.41
Information ratio	-0.57	0.00
Standard dev. (%)	11.36	14.63
Tracking error (%)	4.29	0.00
Up capture (%)	61.11	100.00
Down capture (%)	81.74	100.00
Max. drawdown (%)	14.96	17.75

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.20	-0.29	-0.09
Consumer Discretionary	0.10	-0.17	-0.07
Consumer Staples	-0.05	-0.18	-0.22
Currency Forward	0.06	0.00	0.06
Energy	0.27	-0.07	0.20
Financials	0.59	-0.43	0.17
Health Care	-0.04	-0.12	-0.16
Industrials	-0.10	0.38	0.29
Information Technology	0.07	-1.12	-1.05
Materials	-0.18	0.08	-0.10
Other	-0.06	0.02	-0.03
Real Estate	0.01	-0.37	-0.36
Utilities	-0.06	0.10	0.04
Cash	0.08	0.00	0.08
Total	0.91	-2.15	-1.25

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.**

1 Source: Invesco

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Aug. 31, 2027.

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to Russell 1000 Value Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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

Active trading results in added expenses and may result in a lower return and increased tax liability.

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.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

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

The value, interest rates, and liquidity of non-cash paying instruments, such as zero coupon and pay-in-kind securities, are subject to greater fluctuation than other types of securities.

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.

Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

Obligations issued by US Government agencies and instrumentalities may receive varying levels of support from the government, which could affect the fund's ability to recover should they default.

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.