Invesco Equity and Income Fund

Q2 2025

Key takeaways

1 The fund outperformed its benchmark
Stock selection information technology (IT), communication services and consumer staples contributed to relative performance. The fund's holdings of convertible securities also added to relative return.

2 Fixed income holdings detracted from relative performance
The fund holds US Treasuries and high-grade corporate bonds as a source of income and to help provide a measure of stability in volatile markets. The fund's holdings of these securities lagged the Russell 1000 Value Index.

3 The team added several new holdings amid volatility during the quarter
We purchased new holdings in the consumer staples, consumer discretionary, IT and industrials sectors. These purchases were funded by corresponding sales in IT and industrials.

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

Fund facts

Fund AUM ($M)	12,470.51

Portfolio managers
Brian Jurkash, Matthew Titus, Chuck Burge, Sergio Marcheli

Manager perspective and outlook

- US financial markets faced heightened volatility in the second quarter following the Trump administration's surprise announcement of a broad tariff policy that imposed reciprocal tariffs on imports from all countries.
- Equity markets declined early in the quarter, with several indexes briefly entering correction territory. However, sentiment appeared to quickly rebound. By quarter end, the S&P 500 Index reached an all-time high and delivered a return of 10.94% for the quarter.
- Artificial intelligence (AI) remained a dominant theme, driving strong returns in IT and communication services, while energy and health care lagged.
- Despite a pause on most tariffs, trade policy has remained a significant overhang. Weakening economic data has indicated a slowdown, and first quarter real gross domestic product (GDP) was revised down to -0.5%, its first contraction since 2022. Forecasts for 2025 GDP growth have also dimmed.
- However, uncertainty may also create opportunities. Recent market declines have led to what we see as attractive valuations for certain sectors and stocks.
- Regardless of the economic environment, we continue to focus on our fundamental work 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 net assets)

	Fund	Index
Wells Fargo & Co	2.41	0.94
Bank of America Corp	2.29	1.07
Microsoft Corp	1.76	0.00
Amazon.com Inc	1.76	2.08
Microchip Technology Inc	1.51	0.13
Philip Morris International Inc	1.48	1.02
Parker-Hannifin Corp	1.43	0.32
Walt Disney Co/The	1.36	0.81
Charles Schwab Corp/The	1.30	0.51
Johnson & Johnson	1.25	1.32

As of 06/30/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

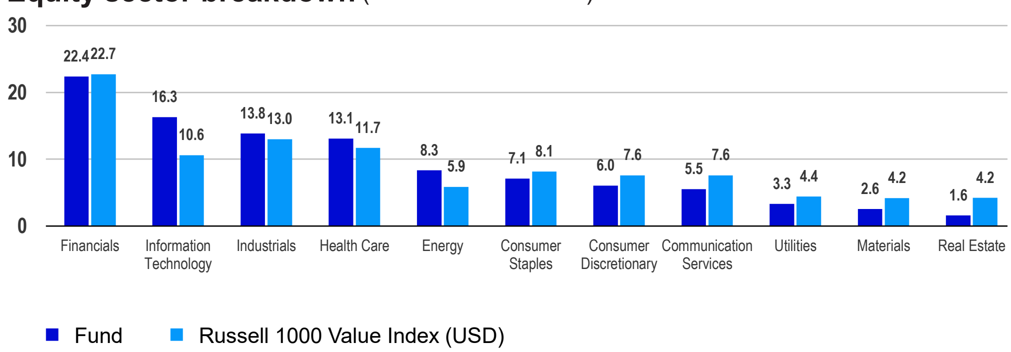
New holdings:
Nike: This iconic athleticwear brand has lagged in recent years, losing market share to fashion-focused entrants. The company also pulled back from wholesale distribution channels and overemphasized digital sales, which hurt earnings and profit margins. A new CEO, returning from retirement, has been refocusing the company on sports, athletes and traditional retail. While tariffs have remained a headwind, we believe the CEO can drive a turnaround.
Proctor & Gamble: This multinational consumer goods company specializes in a wide range of household and personal care products. In our view, the company has a strong balance sheet and is an innovator, which has helped it capture market share. We view the company as a good compounder, offering a better risk/reward profile than other competitors within the industry.
NVIDIA: The company designs and manufactures computer graphics processors, chipsets and related multimedia software, along with processing units (GPUs) that are critical to AI. The stock had rallied earlier in the year, but China tariffs and seemingly weaker sentiment toward AI caused a pullback in the second quarter, giving us what we saw as an attractive entry point. We believe NVIDIA still has strong long-term growth potential.
Vertiv: The company manufactures electrical power, thermal management and other equipment for data centers. Shares had risen on AI-driven demand but fell as news of DeepSeek, a lower-cost AI model, raised concerns about future infrastructure needs. We viewed the selloff as temporary and used it as a buying opportunity.

Eliminated Holdings:
CSX: The rail company has been improving service and expanding intermodal (which combines truck and rail transport), but volumes have remained weak. We believe progress will take longer than previously expected and we sold the position to fund better opportunities.
JB Hunt Transport Services: Freight market weakness and falling truckload rates have been headwinds. The company has been under-earning, and recovery may take time. We exited the stock due to near-term risks.
Stanley Black & Decker: While inventory and profit margins have improved, weak consumer demand and tariff uncertainty have shifted its risk/reward profile. We sold the stock in favor of stronger opportunities.
Marvell: The company is a key player in data infrastructure semiconductors. Although we still see AI-related upside, the stock has underperformed peers. We sold the position to fund our purchase of NVIDIA, which we view as a higher quality company in the industry.

Asset mix

Dom Common Stock	59.73
Dom Corporate Bond	11.09
Dom Convertible Bond	10.57
Dom Government Bond	8.77
Intl Common Stock	3.59
Intl Corporate Bond	0.95
Other	0.85
Cash	4.46

Equity sector breakdown (% of total net assets)



Top equity contributors

Issuer	Return	Contrib. to return
Microchip Technology Incorporated	46.50	0.78
Microsoft Corporation	32.75	0.63
Johnson Controls International plc	32.32	0.62
Vertiv Holdings Co.	90.38	0.61
Oracle Corporation	56.96	0.51

Top equity detractors

Issuer	Return	Contrib. to return
UnitedHealth Group Incorporated	-40.01	-0.60
Fiserv, Inc.	-21.93	-0.40
Bristol-Myers Squibb Company	-23.25	-0.29
Chevron Corporation	-13.35	-0.24
ConocoPhillips	-13.81	-0.22

Performance highlights

Stock selection and an overweight in IT was the largest contributor to relative performance. Selection in communication services and consumer staples also aided relative return. An underweight in financials detracted from relative performance. Stock selection in utilities and health care and an overweight in energy also hurt relative return. The fund's convertible holdings added to relative return, while its fixed income holdings detracted amid the equity rally.

Contributors to performance (equity only)

Microchip Technology: The semiconductor developer reported better-than-expected earnings and revenues and provided upbeat guidance for future revenues and margins.

Johnson Controls International: The company, a global leader in smart building technologies and solutions, reported a strong quarter with better-than-expected earnings and organic sales growth.

Microsoft: The software maker delivered better-than-expected earnings, driven by double-digit revenue growth and continued momentum in its Azure cloud platform.

Vertiv: Shares of the company rallied in the second quarter amid seemingly improving sentiment toward AI-related stocks.

Oracle: As its cloud infrastructure revenue growth surged in the second quarter, Oracle also signed multiple large cloud services agreements that we believe should provide robust revenue growth going forward.

Detractors from performance (equity only)

UnitedHealth Group: The health insurer reported disappointing earnings due to higher Medicare Advantage cost trends and a less profitable member mix.

Fiserv: Although Fiserv reported strong earnings, shares declined as investors appeared to react negatively to weaker-than-expected revenue growth.

Bristol-Myers Squibb: The drugmaker's shares declined primarily due to generic competition affecting key legacy drugs, as well as ongoing concerns about the company's long-term growth prospects.

Chevron: Shares of the oil giant declined due to a combination of lower oil prices, reduced profitability in refined product sales and loss of high-margin Venezuelan production after its US license expired.

ConocoPhillips: Falling oil prices and poor sentiment, along with concerns about recent asset sales and the company's strategic direction, weighed on shares during the quarter.

Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 08/03/60	NAV	5.10	5.19	11.68	10.76	11.23	7.51	9.91
	Max. Load 5.5%	-0.64	-0.63	5.56	8.68	9.98	6.90	9.81
Class R6 shares inception: 09/24/12	NAV	5.20	5.39	12.09	11.14	11.64	7.93	8.96
Class Y shares inception: 12/22/04	NAV	5.16	5.32	12.06	11.04	11.51	7.79	7.48
Russell 1000 Value Index (USD)		3.79	6.00	13.70	12.76	13.93	9.19	-
Total return ranking vs. Morningstar Moderate Allocation category (Class A shares at NAV)		-	-	20% (118 of 452)	55% (264 of 433)	9% (28 of 406)	46% (152 of 332)	-

Expense ratios per the current prospectus: Class A: Net: 0.77%, Total: 0.78%; Class R6: Net: 0.41%, Total: 0.42%; Class Y: Net: 0.52%, Total: 0.53%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-2.35	14.83	10.88	-9.65	20.08	9.97	18.02	-7.72	9.99	11.81
Class R6 shares at NAV	-1.93	15.32	11.34	-9.29	20.44	10.45	18.43	-7.37	10.41	12.21
Class Y shares at NAV	-2.10	15.13	11.16	-9.42	20.37	10.16	18.42	-7.57	10.39	12.08
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	355	874
Top 10 issuers (% of AUM)	20.74	17.38
Wtd. avg. mkt. cap ($M)	390,235	292,163
Price/earnings	20.58	19.35
Price to book	2.63	2.89
Est. 3 – 5 year EPS growth (%)	12.00	9.71
ROE (%)	14.59	17.31
Long-term debt to capital (%)	38.71	38.50
Operating margin (%)	18.37	19.67

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.43	0.00
Beta	0.79	1.00
Sharpe ratio	0.65	0.70
Information ratio	-0.62	0.00
Standard dev. (%)	12.87	15.92
Tracking error (%)	4.35	0.00
Up capture (%)	62.56	100.00
Down capture (%)	81.38	100.00
Max. drawdown (%)	14.96	17.75

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.00	0.46	0.46
Consumer Discretionary	0.00	0.24	0.24
Consumer Staples	0.00	0.37	0.37
Currency Forward	-0.16	0.00	-0.16
Energy	-0.12	0.05	-0.06
Financials	-0.19	0.00	-0.19
Health Care	0.25	-0.26	-0.01
Industrials	-0.21	0.47	0.26
Information Technology	0.33	1.29	1.62
Materials	0.01	0.07	0.08
Other	0.10	-0.13	-0.03
Real Estate	0.17	0.10	0.27
Utilities	0.04	-0.15	-0.11
Cash	-0.08	0.00	-0.08
Total	**0.15**	**2.50**	**2.65**

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.**

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

Unless otherwise specified, all information is as of 06/30/25. 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.

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.

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

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

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