Invesco Equity and Income Fund

Q1 2025

Key takeaways

1 **The fund underperformed its benchmark**
Stock selection in information technology (IT), communication services and financials detracted from relative performance. The fund's holdings in convertible securities also detracted from relative return.

2 **The fund's fixed income holdings helped 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. These holdings aided relative performance during market volatility.

3 **The team added several new holdings amid the quarter's volatility**
We added new holdings in the industrials, health care and energy sectors, purchases that were funded by sales across several different sectors, including one IT holding.

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

Fund facts

Fund AUM ($M)	12,140.94

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

Manager perspective and outlook

- The first quarter of 2025 was marked by volatility and apparent economic uncertainty. The year started with positive expectations for the US economy and markets, but sentiment appeared to reverse by mid-February. Concerns seemed to arise due to ambiguity about the Trump administration's tariff policies, which appeared to spark fears of a prolonged trade war and potential recession.
- Sector leadership also shifted following news of DeepSeek, a lower cost artificial intelligence (AI) model out of China. IT stocks within the Russell 1000 Value Index declined following the DeepSeek news and ended the quarter with a negative return. Other sectors within the index, such as energy, utilities and health care, had positive returns for the quarter.
- As we enter the second quarter, trade policy have remained a significant overhang, and 2025 growth forecasts for US Gross Domestic Product (GDP) appear to have dimmed considerably amid tariff uncertainty.
- However, uncertainty may also create opportunities. We have seen that market declines have led to attractive valuations in 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	2.57	0.95
Bank of America Corp	2.06	1.12
Johnson Controls International plc	1.50	0.21
Amazon.com Inc	1.50	0.00
Johnson & Johnson	1.37	1.61
Philip Morris International Inc	1.36	0.99
Willis Towers Watson PLC	1.36	0.14
Microsoft Corp	1.33	0.00
Parker-Hannifin Corp	1.28	0.31
Fiserv Inc	1.24	0.34

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

Portfolio positioning

New holdings:

Merck: Shares of the drugmaker suffered due to weaker-than-expected sales of its Gardasil vaccine in China. However, slower sales resulted from an overstock and not a structural issue. The stock is attractively valued, in our view. Additionally, we believe Merck has a strong drug development pipeline and stable growth from its vaccine and animal health franchises. We see potential catalysts in the launch of its new treatment for pulmonary arterial hypertension, along with improving earnings.

Fortive: The company specializes in providing essential technologies for connected workflow solutions across various markets globally. We believe Fortive is a high-quality business with strong recurring revenues, but it has underperformed due to costly acquisitions, weak financial results and poor guidance from management. Given these issues, Fortive's stock has been trading below its own historical valuations and its peers, in our estimation. We believe a potential spin-off of one of its segments and a possible management change could lift the stock price.

Cenovus Energy: Cenovus is an integrated energy company with oil and natural gas production operations in Canada and the Asia Pacific region, as well as refining and marketing operations in Canada and the US. Our analysis suggests Cenovus has been trading at a discount relative to peers due to underperformance of its refining assets and high capital expenditures (capex). New tariffs implemented by the Trump administration are also a headwind. However, the company's capex is expected to decline after this year, which should in our view improve cash flows, and we believe any improvement in refining should also support the stock.

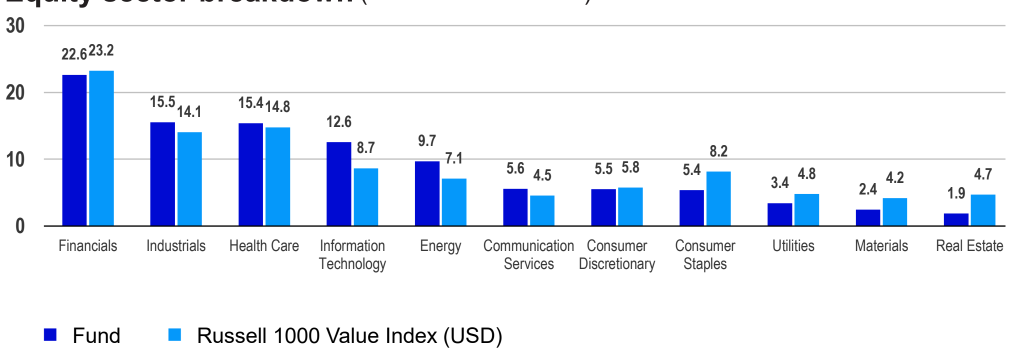
Eliminated Holdings:

Micron Technology – The chipmaker is a leading provider of memory and storage solutions. Its products are used in data centers, mobile devices, automotive applications and consumer electronics. We grew concerned about potential impact from Chinese competitors that have been investing in research and development to enhance their capabilities and take market share. Given these concerns, we sold the stock and added to existing IT holdings that we believe have better risk-reward profiles.

Asset mix

Dom Common Stock	58.93
Dom Corporate Bond	10.69
Dom Convertible Bond	10.50
Dom Government Bond	10.05
Intl Common Stock	3.85
Intl Corporate Bond	0.90
Other	0.83
Cash	4.24

Equity sector breakdown (% of total net assets)



Top equity contributors

Issuer	Return	Contrib. to return
Philip Morris International Inc.	33.06	0.40
CVS Health Corporation	52.79	0.40
Johnson & Johnson	15.59	0.22
Chevron Corporation	16.77	0.22
Shell plc	18.82	0.21

Top equity detractors

Issuer	Return	Contrib. to return
Marvell Technology, Inc.	-44.23	-0.62
Alphabet Inc.	-18.21	-0.29
Coherent Corp.	-31.45	-0.28
Amazon.com, Inc.	-13.28	-0.27
KKR & Co. Inc.	-21.74	-0.25

Performance highlights

Stock selection and an overweight in IT detracted from relative performance, driven in part by a decline in AI-related stocks. Selection in communication services and financials also detracted from relative return. Stock selection in health care, energy, utilities and consumer staples aided relative performance as these stocks held up better amid the market turmoil. The fund's fixed income holdings aided relative performance, while its convertible holdings detracted.

Contributors to performance (equity only)

Philip Morris International: The company reported better-than-expected earnings and a double-digit revenue increase due to strong performance from its smoke-free tobacco segment.

CVS Health: The company reported better-than-expected earnings due to strength in its insurance segment.

Johnson & Johnson: The drugmaker reported better-than-expected earnings due to solid growth in its innovative medicine unit.

Chevron: Shares of the integrated oil and gas company rose along with the overall energy sector. Additionally, Chevron had solid quarterly earnings results and provided positive guidance for the full year.

Shell: The oil giant's shares also rose along with the energy sector. Shell's new management team has worked to improve operations and provided positive growth targets through 2030.

Detractors from performance (equity only)

Marvell Technology: Shares of the semiconductor solutions provider declined following news about the lower cost AI model DeepSeek, which apparently caused investors to question the need for increasing capital expenditures for AI development.

Alphabet: Google's parent company reported weaker-than-expected revenues. Macro-economic issues and apparently weak investor sentiment toward AI-related stocks also weighed on Alphabet's shares.

Coherent: Shares of the laser company declined along with other AI-related stocks, given that its optical transceivers are key enablers for networking of AI servers.

Amazon: The company reported better-than-expected revenues and earnings, with strong growth in its Amazon Web Services (AWS) cloud computing platform. However, the company's forward guidance was below analysts' estimates.

KKR: Shares sold off amid apparent concerns about its fundraising cycle due to weak activity in initial public offerings (IPO) and mergers and acquisitions (M&A) during the quarter, which slowed amid market volatility.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 08/03/60	NAV	0.09	0.09	4.67	4.67	13.00	7.11	9.86
	Max. Load 5.5%	-5.45	-5.45	-1.05	2.72	11.72	6.51	9.77
Class R6 shares inception: 09/24/12	NAV	0.18	0.18	4.95	5.03	13.43	7.53	8.71
Class Y shares inception: 12/22/04	NAV	0.15	0.15	4.93	4.94	13.29	7.39	7.31
Russell 1000 Value Index (USD)		2.14	2.14	7.18	6.64	16.15	8.79	-
Total return ranking vs. Morningstar Moderate Allocation category (Class A shares at NAV)		-	-	63% (459 of 706)	37% (267 of 681)	8% (34 of 629)	26% (129 of 489)	-

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	343	870
Top 10 issuers (% of AUM)	20.64	18.18
Wtd. avg. mkt. cap ($M)	270,387	190,346
Price/earnings	19.61	18.75
Price to book	2.37	2.58
Est. 3 – 5 year EPS growth (%)	11.68	9.51
ROE (%)	13.02	16.09
Long-term debt to capital (%)	38.49	40.51
Operating margin (%)	17.48	19.22

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.28	0.00
Beta	0.78	1.00
Sharpe ratio	0.79	0.82
Information ratio	-0.70	0.00
Standard dev. (%)	13.15	16.42
Tracking error (%)	4.48	0.00
Up capture (%)	60.60	100.00
Down capture (%)	79.25	100.00
Max. drawdown (%)	14.96	17.75

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.03	-0.68	-0.65
Consumer Discretionary	0.09	-0.12	-0.03
Consumer Staples	-0.11	0.16	0.05
Currency Forward	-0.07	0.00	-0.07
Energy	0.06	0.16	0.22
Financials	-0.03	-0.55	-0.57
Health Care	-0.12	0.54	0.42
Industrials	0.04	-0.06	-0.01
Information Technology	-0.18	-1.29	-1.47
Materials	0.01	-0.02	-0.01
Other	-0.34	0.00	-0.34
Real Estate	-0.01	-0.04	-0.06
Utilities	-0.08	0.14	0.06
Cash	-0.05	0.00	-0.05
Total	**-0.77**	**-1.74**	**-2.51**

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 03/31/25. 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.

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

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.