

Invesco Equity and Income Fund

Quarterly Performance Commentary

Mutual Fund Retirement Share Classes
Data as of Dec. 31, 2020



Investment objective

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

Portfolio management

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Fund facts

Nasdaq A: ACEIX Y: ACETX
R: ACESX R6: IEIFX
R5: ACEKX

Total Net Assets \$12,352,856,735
Total Number of Holdings 339

Top equity holdings % of total net assets

General Motors 'C'	2.30
Cognizant Technology Solutions 'A'	1.97
Morgan Stanley	1.86
Philip Morris	1.82
Wells Fargo	1.79
Goldman Sachs	1.71
Corteva	1.58
CSX	1.55
CBRE 'A'	1.50
AIG	1.49

Top contributors % of total net assets

1. General Motors 'C'	2.30
2. Morgan Stanley	1.86
3. AIG	1.49
4. Citizens Financial	1.44
5. PNC Financial Services	1.49

Top detractors % of total net assets

1. Intel	0.00
2. Sanofi	0.77
3. Kingfisher	0.65
4. Kellogg	0.00
5. Willis Towers Watson	0.61

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

+ US equity markets posted gains in the fourth quarter as good news about COVID-19 vaccines and strong corporate earnings outweighed concerns about sharply rising infection rates and disagreement over a fiscal stimulus package. The US economy has rebounded significantly since the pandemic began, but recovery appeared to slow in the fourth quarter as estimates for employment gains and GDP growth declined from the third quarter. However, stocks were buoyed by the Federal Reserve's pledge to maintain its

accommodative monetary stance and asset purchases "until substantial further progress has been made" toward employment and inflation targets. The S&P 500 Index returned 12.15% for the quarter with all sectors posting gains. Cyclical sectors, including energy and financials, led the way, while real estate and consumer staples lagged. Market leadership shifted as value stocks outperformed growth for the first time since the fourth quarter of 2016.

Positioning and outlook

+ During the quarter, the team purchased new positions in the communication services, energy, financials, industrials and health care sectors. The team eliminated positions in consumer staples and consumer discretionary. The team sold a position in information technology (IT) and redeployed those assets into a new holding within the sector.
+ At quarter end, the fund's largest overweights were in financials, IT and health care, while the largest underweights were industrials, utilities and

consumer staples.
+ Though the distribution of coronavirus vaccines should provide a measure of stability, we believe equity markets may experience continued volatility due to the leadership transition in Washington and rising COVID-19 infection rates. 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.

Performance highlights

+ The fund's Class A shares at net asset value (NAV) performed roughly in line with the Russell 1000 Value Index during the quarter. (Please see the investment results table on page 2 for fund and index performance.) All 11 sectors within the index had positive returns, led by energy and financials. The consumer staples and utilities sectors lagged.

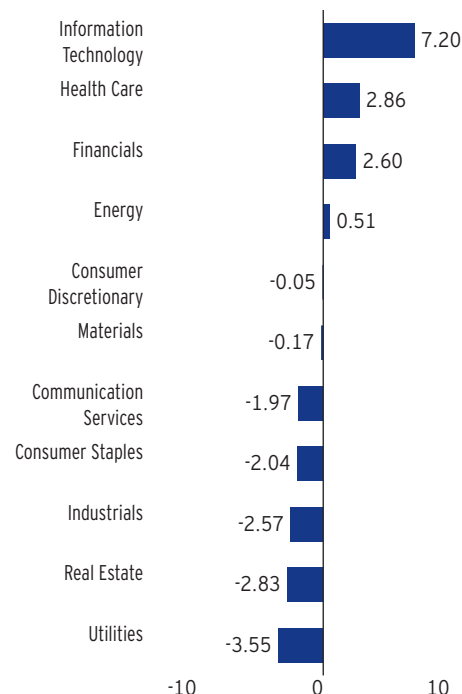
Contributors to performance

+ Stock selection and an overweight in financials was the largest contributor to the fund's relative return. Several financial holdings were among the largest individual contributors, including **Morgan Stanley**, **AIG**, **Citizens Financial** and **PNC Financial Services**. Large banks and capital markets firms benefited from a rise in yields in during the quarter and these stocks performed well amid a broader rally in cyclical stocks.
+ Stock selection in consumer discretionary and consumer staples also added to relative performance. Within consumer discretionary, the largest contributor was **General Motors**. The automaker reported strong third quarter earnings and the stock performed well amid growing investor enthusiasm for its electric vehicle business.

Detractors from performance

+ The fund's exposure to high grade fixed income and convertible securities detracted from relative performance. Though these securities had positive returns, performance lagged the Russell 1000 Value Index for the quarter.
+ The fund's cash position also detracted from relative return during the quarter.
+ Security selection and an underweight in industrials was the largest detractor at the sector level. The fund's lack of exposure to some better-performing stocks within the sector, such as **General Electric** and **Honeywell** (not fund holdings), hurt relative performance.
+ The largest individual detractor was **Intel**, which reported weaker-than-anticipated quarterly earnings and suffered from ongoing manufacturing issues. The company also appears to be losing market share to competitors. Given these developments, we eliminated the fund's position during the quarter as we saw better opportunities elsewhere in the sector.

The fund's positioning versus the Russell 1000 Value Index (% underweight/overweight)



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

Valuation statistics	fund	index
12-Month Forward P/E	15.00	17.91
12-Month Trailing P/E	20.27	21.35
Price/Book (Wtd. Har. Avg.)	1.69	2.45
1-Year ROE (Wtd. Avg.)	25.13	12.84
12-Month Fwd. Growth Rate (Wtd. Avg.) (%)	20.55	17.78
3-Year EPS Growth Rate (Wtd. Avg.) (%)	10.44	13.01
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	6.73	7.54
Weighted Average Market Cap (\$MM)	103,376	133,541
Weighted Median Market Cap (\$MM)	63,176	69,403

Source: FactSet Research Systems Inc.

Investment results

Average annual total returns (%) as of Dec. 31, 2020

	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Broad-Based Index
Inception:	08/03/60	12/22/04	10/01/02	09/24/12	06/01/10	Russell 1000 Value Index
Period	NAV	NAV	NAV	NAV	NAV	Index
Inception	10.06	7.27	7.89	-	9.75	-
10 Years	8.47	8.73	8.19	8.83	8.82	10.50
5 Years	8.72	8.98	8.45	9.15	9.05	9.74
3 Years	6.06	6.30	5.79	6.46	6.37	6.07
1 Year	9.97	10.16	9.73	10.45	10.25	2.80
Quarter	16.45	16.42	16.39	16.59	16.44	16.25

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.invesco.com/performance) 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, and you may have a gain or a loss when you sell shares. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Class R5 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges. Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	0.79	0.80	Dom Common Stock	62.11
Class Y Shares	0.54	0.55	Intl Common Stock	5.71
Class R Shares	1.04	1.05	Dom Corp Bonds	11.39
Class R6 Shares	0.39	0.40	Intl Corp Bonds	2.30
Class R5 Shares	0.48	0.49	Dom Convert Bonds	7.58
Per the current prospectus			Intl Convert Bonds	0.95
Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2022. See current prospectus for more information.			Dom Convert Prfd	0.56
			Dom Gov Bonds	5.68
			Dom Preferred Stock	0.03
			Cash	3.47
			Other	0.22

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Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information. Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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.

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.

12-month forward and trailing P/E are calculated using weighted harmonic averaging, which helps avoid extreme results that may occur due to small relative numbers in the denominator. It doesn't exclude extreme values; instead, it reduces the effect of outliers on the aggregate calculation. The **price/book ratio** is the market price of a stock divided by the book value per share. **Return on equity (ROE)** is net income divided by net worth. The **median 12-Month Fwd. Growth Rate** is the percent change between the next twelve months' mean EPS estimate and the previous twelve months' actuals. The **three-year EPS growth rate** is a weighted average of each stock's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. The **five-year dividend growth rate** is the weighted average of each stock's annualized percentage rate of growth in dividend yield over five years. The three-year EPS and five-year dividend growth rates are not forecasts of fund performance.

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.

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 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.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

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 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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.