

# Invesco Rising Dividends Fund

## Q1 2024

## Key takeaways

**1 The fund performed in line with its benchmark**  
Stock selection in information technology (IT) contributed the most to relative return, while stock selection in energy was the largest detractor.

**2 Fund activity capitalized on higher market volatility**  
We took advantage of increased market volatility to initiate three new positions and exit four positions during the quarter. We opportunistically added to some existing positions and decreased weights in others.

**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 and/or growing dividends.

### Investment objective

The fund seeks total return.

### Fund facts

Fund AUM (\$M)	3,127.67
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### Portfolio managers

Raman Vardharaj, Peter Santoro, Belinda Cavazos

## Manager perspective and outlook

- The fund's sector exposure relative to the Russell 1000 Index has remained generally balanced. At quarter end, the largest overweights were in industrials and health care. The largest underweights were in consumer discretionary and communication services. International exposure was about 3% and cash was about 1.8%.
- Though the market appears to be at a crossroads as investors try to determine when the US Federal Reserve (Fed) will begin to reduce interest rates, the driving principles of our investment process remain rooted in a total return approach that seeks to deliver appreciation, income and preservation over a full market cycle.
- No matter the backdrop, we focus on companies generating attractive free cash flow and we analyze their drivers and ability to support future dividend growth, as well as balance sheet strength and flexibility.
- We continue to emphasize growth and sustainability of a company's dividend, as we believe companies with these characteristics have historically outperformed over full market cycles.
- We believe investors may focus more on dividend paying stocks in 2024. Historically, dividends have accounted for a larger part of total return than they have in the last decade due to outsized price gains (Source: Ned Davis Research). If market returns become more normal, we believe dividends should make up a much larger portion of total return.



## Top issuers

(% of total net assets)

	Fund	Index
Microsoft Corp	7.79	6.51
NVIDIA Corp	4.91	4.46
Apple Inc	3.30	5.20
JPMorgan Chase & Co	2.39	1.20
Walmart Inc	2.09	0.54
Procter & Gamble Co/The	2.00	0.79
UnitedHealth Group Inc	1.97	0.96
Visa Inc	1.97	0.93
Eli Lilly & Co	1.96	1.37
Lowe's Cos Inc	1.94	0.31

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

### Notable New Additions

**Walt Disney** is a leading diversified family entertainment and media enterprise. Though the company has been in the midst of an 18 to 24-month transition, we believe Disney will be successful removing billions in excess cost, deliver profitable results in the streaming business and continue to execute in the parks and experiences unit. At its current valuation, we believe there is strong potential for upside appreciation with limited downside risk.

**Lonza** is a global leader and premier contract development and manufacturing organization (CDMO) with a reputation for high quality, expertise and partnership. CDMOs have been struggling since COVID due to lack of early biotech funding, which negatively affects preclinical and clinical phase 1 trials. However, we are starting to see early signs of a rebound.

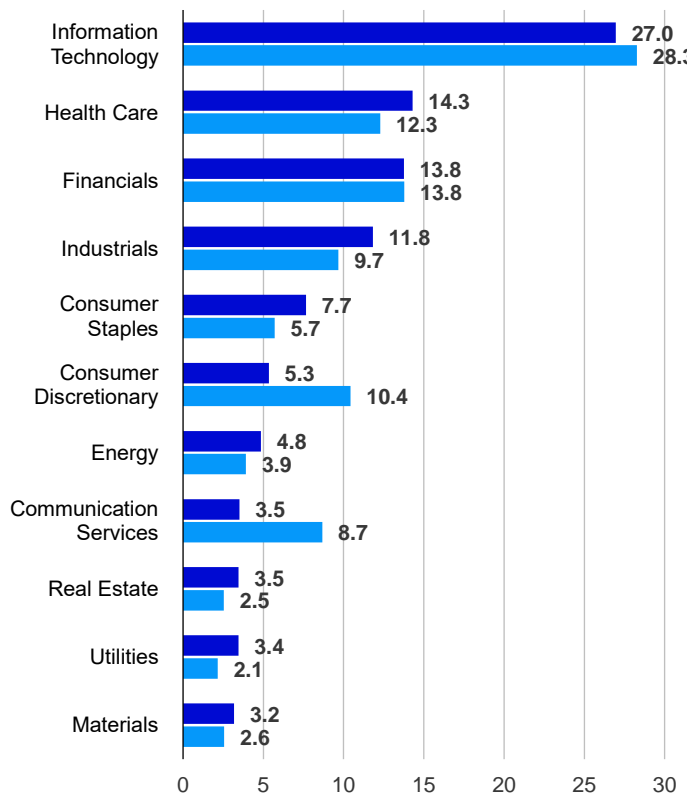
### Notable Sales

**Comcast** – We exited the small remaining position in Comcast due to our low conviction in the stocks. We decided to redeploy the capital into other stocks.

**S&P Global** - We exited the fund's position in S&P Global because we saw less upside potential relative to our price target. The stock has been a strong performer since we initiated the position in June of 2022, and we have been trimming the position on strength along the way.

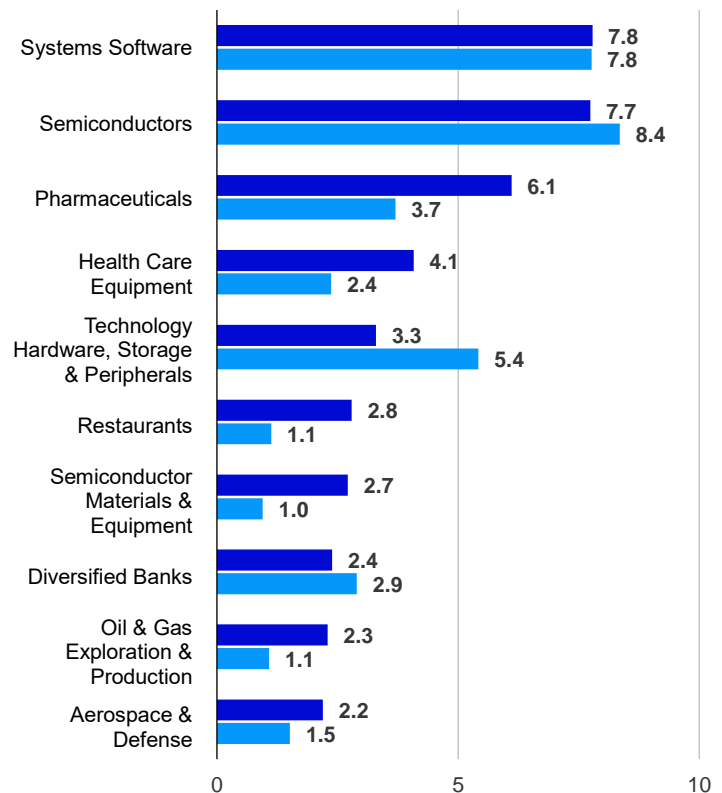
## Sector breakdown (% of total net assets)

■ Fund ■ Russell 1000 Index (USD)



## Top industries (% of total net assets)

■ Fund ■ Russell 1000 Index (USD)



## Top contributors (%)

Issuer	Return	Contrib. to return
NVIDIA Corporation	82.46	2.47
Microsoft Corporation	12.09	0.96
Eli Lilly and Company	33.69	0.56
Broadcom Inc.	19.23	0.44
JPMorgan Chase & Co.	18.48	0.40

## Top detractors (%)

Issuer	Return	Contrib. to return
Apple Inc.	-10.82	-0.43
UnitedHealth Group Incorporated	-5.66	-0.13
American Tower Corporation	-8.47	-0.12
McDonald's Corporation	-4.37	-0.09
United Parcel Service, Inc.	-4.43	-0.07

## Performance highlights

US equity markets posted gains in the first quarter as investors appeared to continue to anticipate the end of Fed interest rate hikes. Sector performance within the Russell 1000 Index was mostly positive. Real estate was the only sector to post a small loss for the quarter, while communication services, energy and financials posted the largest gains.

The IT sector was the largest contributor to the fund's absolute performance, while real estate was the only small detractor from absolute return. Good stock selection in IT added the most to relative return for the quarter. Stock selection in energy detracted the most from relative return.

### Contributors to performance

**NVIDIA:** The company had a busy quarter of positive news flow, including another strong quarterly report, more "buzz" about artificial intelligence (AI) in financial markets and across the broader economy, and the company's blockbuster GTC user conference for AI developers. During the quarter, the growing size and scope of the AI opportunity

and the strength of NVIDIA's leading position led to the stock's outperformance.

**Microsoft:** Shares rose after the company reported solid results for the fourth quarter of 2023. Microsoft also continued to benefit from apparent investor excitement about how AI could supplement the company's already robust technology platform.

**Eli Lilly:** Eli Lilly continued to benefit from apparent investor excitement about the growth potential for weight loss drugs.

### Detractors from performance

**Apple:** Shares underperformed during the quarter as investors appeared to react to the company's declining revenues in 2023 and its deteriorating sales growth outlook in China.

**UnitedHealth:** Shares of the health care insurer fell after the company reported mixed results for the fourth quarter of 2023.

**McDonald's:** Shares of the restaurant chain fell after the company reported same-store sales growth for the fourth quarter of 2023 that was below analyst expectations.

## Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 04/30/80	NAV	10.09	10.09	23.74	11.19	13.29	10.10	12.13
	<b>Max. Load 5.5%</b>	4.04	4.04	16.95	9.12	12.01	9.47	11.99
Class R6 shares inception: 02/28/12	NAV	10.17	10.17	24.15	11.57	13.68	10.53	11.27
Class Y shares inception: 12/16/96	NAV	10.16	10.16	24.03	11.48	13.56	10.36	8.43
Russell 1000 Index (USD)		10.30	10.30	29.87	10.45	14.76	12.68	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	76% (1102 of 1423)	30% (393 of 1296)	65% (768 of 1183)	84% (746 of 891)	-

Expense ratios per the current prospectus: Class A: Net: 0.99%, Total: 0.99%; Class R6: Net: 0.65%, Total: 0.65%; Class Y: Net: 0.74%, Total: 0.74%.

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. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	10.93	-0.68	4.53	16.76	-6.52	29.56	13.34	26.64	-12.66	17.60
Class R6 shares at NAV	11.43	-0.22	4.94	17.22	-6.08	30.05	13.78	27.08	-12.39	17.99
Class Y shares at NAV	11.19	-0.43	4.78	17.03	-6.28	29.91	13.57	26.97	-12.46	17.90
Russell 1000 Index (USD)	13.24	0.92	12.05	21.69	-4.78	31.43	20.96	26.45	-19.13	26.53

### Portfolio characteristics\*

	Fund	Index
No. of holdings	69	1,004
Top 10 issuers (% of AUM)	30.31	29.40
Wtd. avg. mkt. cap (\$M)	610,309	734,887
Price/earnings	24.21	24.21
Price to book	4.09	4.38
Est. 3 – 5 year EPS growth (%)	11.62	13.35
ROE (%)	22.76	22.34
Long-term debt to capital (%)	40.46	38.73
Operating margin (%)	26.58	23.50

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-0.53	0.00
Beta	0.93	1.00
Sharpe ratio	0.64	0.68
Information ratio	-0.43	0.00
Standard dev. (%)	17.72	18.76
Tracking error (%)	3.43	0.00
Up capture (%)	86.23	100.00
Down capture (%)	96.80	100.00
Max. drawdown (%)	21.70	24.59

### Quarterly performance attribution

#### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.22	0.01	-0.21
Consumer Discretionary	0.25	-0.11	0.14
Consumer Staples	-0.07	0.14	0.07
Energy	0.02	-0.33	-0.32
Financials	0.00	-0.16	-0.16
Health Care	-0.03	0.18	0.15
Industrials	0.04	-0.12	-0.08
Information Technology	-0.05	1.23	1.18
Materials	-0.02	-0.15	-0.17
Real Estate	-0.12	-0.10	-0.22
Utilities	-0.07	-0.09	-0.16
Cash	-0.16	0.00	-0.16
<b>Total</b>	<b>-0.43</b>	<b>0.50</b>	<b>0.07</b>

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 03/31/24. Unless stated otherwise, Index refers to Russell 1000 Index (USD).

The Russell 1000® Index is an unmanaged index considered representative of large-cap stocks. The Russell 1000 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.

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#### About risk

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.

Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors and the amount of any dividend may vary over time.

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.

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.

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.

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

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.

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#### 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.**