

Portfolio Managers

Brian Jurkash

Co-Lead Portfolio Manager,
Equities

Matt Titus, CFA

Co-Lead Portfolio Manager,
Equities

Sergio Marcheli

Portfolio Manager, Equities

Chuck Burge

Senior Portfolio Manager,
Fixed Income

**Supported by the Large Cap
Relative Value Equity Team****Fund Inception**

August 3, 1960

Fund Assets

\$11.71 billion

Investment objective

The Fund's investment objective is current income and, secondarily, capital appreciation.

Investment philosophy

The fund is composed of large cap value stocks, high quality bonds and convertible securities offering the potential for growth, income and a measure of stability.

Within the equity portion of the fund, we seek to identify attractive securities through rigorous fundamental research, focused on finding undervalued, unloved, under-earning companies we believe are experiencing a positive change—or catalyst.

Not a Deposit Not FDIC Insured
Not Guaranteed by the Bank May Lose Value
Not Insured by any Federal Government Agency

Market overview

After two months of gains, equity markets declined in August as a resilient economy complicated the Federal Reserve's (Fed) efforts to tame inflation. While inflation has slowed from its peak, the Consumer Price Index (CPI) rose by 0.2% in July, and the 12-month headline inflation rate rose to 3.2% from 3% in June.¹ Despite a slowdown in payroll growth, the overall labor market remained tight with unemployment near historic lows. Wages also rose, and consumers continued to spend, fueling estimates of higher than forecast third quarter gross domestic product (GDP). At its annual Jackson Hole symposium, Fed chair Jerome Powell remarked that while progress has been made, inflation is still too high, and the Fed intends "to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective."²

In this environment, most major equity indexes declined in August, and the S&P 500 index posted a return of -1.59%.³ Within the S&P 500, energy was the only sector with a positive return, while utilities declined the most.

Fund performance drivers

Invesco Equity and Income Fund (Class A at NAV) returned -2.13% in August, outperforming its benchmark, the Russell 1000 Value Index, which returned -2.70%. All but one sector within the benchmark had negative returns. Utilities, consumer discretionary and financials had the largest declines, while rising oil prices led to gains in the energy sector.

In the equity portion of the fund, stock selection in information technology (IT) and communication services made a positive contribution to relative performance. The IT sector had several of the fund's largest contributors including Cisco Systems, Splunk and Cognizant Technology Solutions. Splunk's shares rose sharply following a better-than-expected earnings release. The company reported solid revenue growth, strong free cash flows and a more positive margin outlook for the remainder of the year.

The fund holds high grade bonds and convertible securities as a source of income and to help provide a measure of stability in volatile markets. The fund's holdings in these securities outperformed the benchmark and aided relative performance.

**Top individual equity contributors on an absolute basis**

- Cisco Systems
- Splunk
- Exxon Mobil Corporation
- Cognizant Technology Solutions
- Charter Communications

**Bottom individual equity contributors on an absolute basis**

- Wells Fargo
- Bank of America
- Johnson Controls International
- General Motors
- Citizens Financial Group

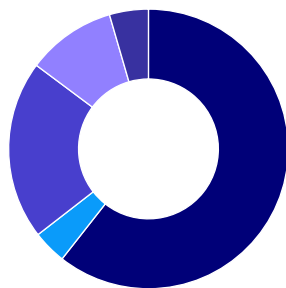
From an equity standpoint, stock selection in financials was the largest detractor from relative performance, with Wells Fargo, Bank of America and Citizens Financial Group among the fund's largest detractors, as the industry faced ongoing pressure from higher rates. Weak sentiment also hurt banks, as investors remained concerned about commercial real estate exposure in the industry.

Selection in the health care and industrials sectors also weighed on relative returns. In industrials, Johnson Controls was a key detractor. Shares of the company fell sharply following its earnings announcement. Earnings were generally in line with expectations, but growth decelerated, and the company offered weaker guidance going forward.



Asset allocation

As of August 31, 2023



■ US Common Equity	60.6
■ Non-US Common Equity	3.9
■ Fixed Income	20.7
■ Convertibles	10.3
■ Cash	4.5

Portfolio Positioning and Activity

The team initiated new equity holdings in the consumer discretionary and health care sectors, and they funded these purchases by selling another health care holding and trimming other strong performers. No other significant changes were made to the portfolio during the month.

At month end, the fund's largest absolute exposures in the equity portion of the fund were in financials, health care and IT. The fund's largest equity overweights relative to the Russell 1000 Value Index were in communication services and IT, while the largest underweights were in financials and consumer staples.

The fund's common equity holdings made up 64.5% of the fund at the end of August. The fund also held approximately 10% in convertible securities at month end, 21% in high quality bonds, and the remainder in cash.

Performance Relative to Peers

Most of the fund's peers in the Morningstar peer group use a blend or growth style, while the fund's equity sleeve uses a value style.⁴ Value and growth leadership typically moves in cycles, and the fund's value style can impact performance relative to peers both positively and negatively at times.

The fund's returns relative to peers improved due to rotation to value stocks that occurred in late 2020, and this is evident when looking at the fund's three-year relative returns. However, growth has outperformed more recently, which has dampened the fund's shorter-term performance relative to peers. Year-to-date through August 31, 2023, the Russell 1000 Growth Index is up 32.17%, while the Russell 1000 Value Index is up 5.88%.⁵

The fund has continued to use a value style for the equity sleeve, and the managers seek to provide a stable, high grade fixed income component along with exposure to convertible securities.

Standardized performance

(%) as of August 31, 2023

Equity and Income Fund	1 Month	3 Months	YTD	1 Year	Annualized		
					3 years	5 Years	10 Years
Class A shares at NAV	-2.13	5.16	3.96	5.26	8.90	5.78	7.17
Class A shares w/ max 5.50% load	-7.50	-0.60	-1.75	-0.55	6.87	4.58	6.56
Class Y shares	-2.13	5.22	4.19	5.54	9.14	6.03	7.44
Russell 1000 Value Index	-2.70	7.41	5.88	8.59	11.59	7.11	9.15
Bloomberg US Govt/Credit Index	-0.59	-0.98	1.53	-0.87	-4.58	0.75	1.63
S&P 500 Index	-1.59	8.28	18.73	15.94	10.52	11.12	12.81
Morningstar Moderately Aggressive Allocation Category Average	-2.19	5.37	9.36	8.70	5.89	5.40	7.00

As of latest quarter end, June 30, 2023

	1 Month	3 Months	YTD	1 Year	3 years	5 Years	10 Years
Class A shares at NAV	4.64	3.14	3.44	8.66	10.83	6.33	7.28
Class A shares w/ max 5.50% load	-1.10	-2.53	-2.23	2.65	8.76	5.13	6.68
Class Y shares	4.70	3.31	3.68	8.94	11.11	6.60	7.56
Russell 1000 Value Index	6.64	4.07	5.12	11.54	14.30	8.11	9.22

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. 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 shares have no sales charge; therefore, performance is at NAV. Class Y shares are available only to certain investors. See the prospectus for more information.

©2023 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Annual expense ratios: Class A shares (total) 0.79%. Class Y shares (total) 0.54%. Per the current prospectus. See current prospectus for more information.

Inception dates: Class A shares inception August 3, 1960, and Class Y shares inception December 22, 2004.

-
- 1 Source: Bureau of Labor Statistics, August 10, 2023
 - 2 Source: US Federal Reserve, August 25, 2023
 - 3 Morningstar Direct, August 31, 2023
 - 4 Source: Morningstar as of 5/2/2022, the latest data available.
 - 5 Source: Morningstar Direct, August 31, 2023

As of 08/31/2023, Invesco Equity and Income Fund held 1.30% of Cisco Systems, 0.74% of Splunk, 1.68% of Exxon Mobil, 0.82% of Cognizant Technology Solutions, 0.84% of Charter Communications, 2.38% of Wells Fargo, 1.68% of Bank of America, 1.16% of Johnson Controls International, 0.87% of General Motors, and 0.48% of Citizens Financial Group.

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.

The Russell 1000® Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000® Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The Bloomberg U.S. Government/Credit Index is a broad-based benchmark that includes investment-grade, US dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.

The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

An investment cannot be made directly in an index.

Important disclosures:

All data as of 8/31/2023, unless otherwise stated.

All data provided by Invesco unless otherwise noted.

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

The Global Industry Classification Standard was developed by and is the exclusive property and service mark of MSCI, Inc. and Standard & Poor's. .

Note: Not all products, materials or services available at all firms. Financial professionals, please contact your home office.

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.

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.

About risk:

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

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock or the issuers right to buy back the convertible securities.

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.

Warrants may be significantly less valuable on their relevant expiration date, or they may expire worthless. They may be postponed or terminated early resulting in partial or total investment loss and may also be subject to illiquidity.

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

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.

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.

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.

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

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

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 financial professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).