

# Invesco Diversified Dividend Fund

## Quarterly Performance Commentary

Mutual Fund Retail Share Classes  
Data as of June 30, 2020



### Investment objective

The fund seeks long-term growth of capital and, secondarily, current income.

### Portfolio management

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### Fund facts

Nasdaq A: LCEAX C: LCEVX  
Investor: LCEIX Y:  
LCEYX

Total Net Assets \$14,998,899,497  
Total Number of Holdings 71

### Top holdings % of total net assets

General Mills	3.98
Procter & Gamble	3.31
Entergy	3.06
Dominion Energy	3.02
Campbell Soup	2.78
Kimberly-Clark	2.65
Hartford Financial Services	2.52
PPL	2.39
Mondelez	2.22
Heineken	2.13

### Top contributors % of total net assets

1. General Mills	3.98
2. ConocoPhillips	1.40
3. Target	1.65
4. Eli Lilly	2.06
5. Bayer	1.60

### Top detractors % of total net assets

1. Raytheon	0.56
2. Consolidated Edison	0.91
3. Total	1.94
4. Nutrien	0.38
5. Royal Dutch Shell	0.00

### Market overview

+ After a tumultuous start to 2020, US stocks largely shrugged off economic uncertainty, social unrest and a resurgence in coronavirus infections to post the best quarterly return since 1998. The rally followed a sharp economic decline caused by global shutdowns to slow the spread of COVID-19. Despite record unemployment and continued economic uncertainty, most economists believe the US economy hit a low in April. Investor sentiment improved in response to trillions of dollars in economic stimulus, progress on a coronavirus vaccine and reopening in many US regions. After oil futures contracts turned

negative in early April, oil prices doubled in June, which supported struggling energy companies and millions of energy sector employees. All S&P 500 Index sectors had positive returns for the quarter, with consumer discretionary, information technology (IT) and energy returning over 30%, while utilities and consumer staples had single-digit gains. Though we are cognizant of the macroeconomic environment, the economic cycle is distinct from the bottom-up profit cycle, so we do not apply macroeconomic forecasts to our stock selection.

### Positioning and outlook

+ At quarter end, the fund's largest overweight positions compared to the Russell 1000 Value Index were in the consumer staples and utilities sectors, while the primary underweights were IT, financials and health care.

+ The goal of our strategy has always been to provide capital appreciation with better downside preservation. This full-cycle mindset has been embedded in our investment process since the strategy's inception.

+ Prior to the coronavirus crisis and oil price war, our bottom-up research indicated earnings estimates

were optimistic and that elevated corporate balance sheet leverage reduced operational flexibility. We remain focused on full-cycle earnings power and for the past several years we have placed particular emphasis on analyzing downside risk through sensitivity analysis of our modeled assumptions.

+ We have experienced multiple market inflection points during the fund's 17-plus year history. We expect our focus on strong balance sheets, free cash flow generation and full-cycle earnings power to benefit fund shareholders during this time of uncertainty and economic disruption.

### Performance highlights

+ The fund's Class A shares at net asset value (NAV) posted a gain for the quarter but underperformed the Russell 1000 Value Index. (Please see the investment results table on page 2 for fund and index performance.)

+ All sectors made positive contributions to absolute performance during the quarter, with consumer staples, industrials and financials adding the most to return. Holdings within IT and real estate added the least to absolute performance. Stock selection in financials, industrials, real estate and health care contributed to the fund's performance relative to the Russell 1000 Value Index. An overweight position in utilities had the largest negative effect on relative performance. Stock selection in energy, IT and consumer discretionary also detracted from relative return.

### Contributors to performance

+ Packaged foods company **General Mills** was the largest individual contributor to absolute performance. The company benefited from increased demand for its retail products and expanded distribution of its pet food products.

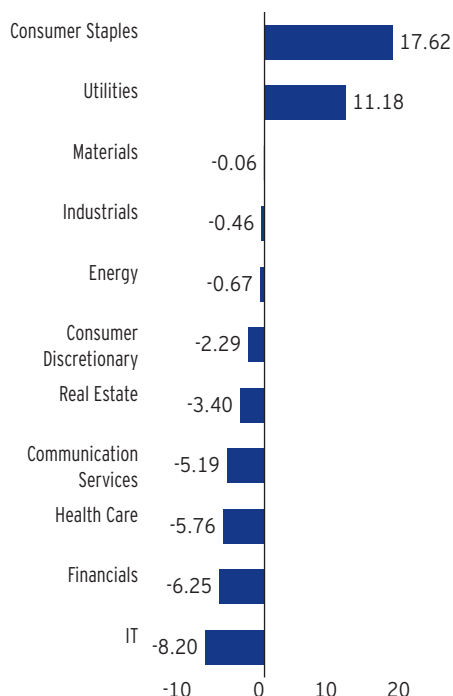
+ Drug manufacturer **Eli Lilly** also added to the fund's absolute return. Shares of the company performed well as newer drugs within its diabetes and immunology portfolios continued to gain market share.

### Detractors from performance

+ Aerospace & defense company **Raytheon** detracted from absolute performance during the quarter. Shares of the company fell along with commercial aerospace in general, an industry that represents only part of **Raytheon's** business. The other half of its business is defense contracting.

+ Regulated utility company **Consolidated Edison** was a small detractor from absolute performance. Shares of the company declined due to mild first-quarter weather and the financial impact of COVID-19 on New York City.

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



**Investment results**

Average annual total returns (%) as of June 30, 2020

	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 12/31/01	Inception: 12/31/01	Inception: 12/31/01	Inception: 12/31/01	Inception: 07/15/05	Inception: 10/03/08	Style-Specific Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	Russell 1000 Value Index
Period	5.50%	NAV	1.00%	NAV	NAV	NAV	Russell 1000 Value Index
Inception	6.43	6.76	6.36	6.36	6.60	8.28	-
10 Years	8.91	9.53	8.71	8.71	9.57	9.80	10.41
5 Years	2.73	3.90	3.11	3.11	3.95	4.15	4.64
3 Years	-0.97	0.92	0.15	0.15	0.97	1.16	1.82
1 Year	-12.84	-7.76	-9.35	-8.47	-7.71	-7.56	-8.84
Quarter	6.08	12.27	11.01	12.01	12.22	12.32	14.29

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. The Investor Class shares have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. 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	0.82	0.83	Dom Common Stock 79.50
Class C Shares	1.57	1.58	Intl Common Stock 17.66
Investor Class Shares	0.75	0.76	Cash 1.98
Class Y Shares	0.57	0.58	Other 0.86

Per the current prospectus  
 Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2021. See current prospectus for more information.

For more information you can visit us at [www.invesco.com/us](http://www.invesco.com/us)

Class Y shares and Investor Class shares are available only to certain 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.

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**About risk**

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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.

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

*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.