

Invesco Equally-Weighted S&P 500 Fund

Q4 2023

Key takeaways

1 The fund outperformed the S&P 500 Index

The fund's holdings in financials and health care were the largest contributors to relative return.

2 Broader market participation benefited relative performance

Smaller stocks outperformed mega-cap stocks, disrupting their winning streak. This was a tailwind for the fund because its equal weight methodology naturally leads to underweights in the largest index stocks and overweights in the smaller index stocks.

3 Potential opportunities for an equal weight strategy

Keeping position sizes approximately equal reduces concentration risk compared to the S&P 500 Index where the biggest companies represent the largest exposures. Additionally, the fund has a lower valuation than the capitalization-weighted index.

Investment objective

The fund seeks total return through growth of capital and current income.

Fund facts

Fund AUM (\$M)	6,457.55
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Portfolio managers

Anthony Seisser, Michael Jeanette, Peter Hubbard, Pratik Doshi

Manager perspective and outlook

- The equity decline that began in August and September continued into October, with the S&P 500 Index, S&P MidCap 400 Index and S&P SmallCap 600 Index returning -8.25%, -12.91% and -15.07%, respectively during those three months. However, investors appeared to regain their risk appetites with a holiday vengeance in November and December and the S&P 500 Index, S&P MidCap 400 Index and S&P SmallCap 600 Index returned 14.08%, 17.96% and 22.08%, respectively in those two months.
- The quarter's equity rally began in late October/early November as the US Federal Reserve (Fed) kept interest rates unchanged, comments from Fed officials fueled speculation that rate hikes were done, and December's release of the Fed's latest Summary of Economic Projections lowered the projected path for the federal funds rate. Fourth quarter economic data showed cross currents as some segments remained resilient while others began to cool. Nonetheless, investor optimism appeared to prevail in the fourth quarter on hopes for the economy's elusive Fed-engineered soft landing in 2024.
- The fund's equal weight methodology historically tends to provide greater exposure to size and value factors relative to the S&P 500 Index. Specifically, the fund offers greater exposure to smaller stocks and stocks with lower valuations. These exposures were a tailwind in the fourth quarter, an environment where smaller stocks outperformed larger stocks.



For more information, including prospectus and factsheet, please visit [Invesco.com/VADAX](https://www.invesco.com/VADAX)

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained.

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

Top issuers

(% of total net assets)

	Fund	Index
Enphase Energy Inc	0.24	0.24
ANSYS Inc	0.24	0.24
Align Technology Inc	0.24	0.24
Moderna Inc	0.24	0.24
Illumina Inc	0.23	0.23
Catalent Inc	0.23	0.23
Revvity Inc	0.23	0.23
First Solar Inc	0.23	0.23
Broadcom Inc	0.22	0.22
Intel Corp	0.22	0.22

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

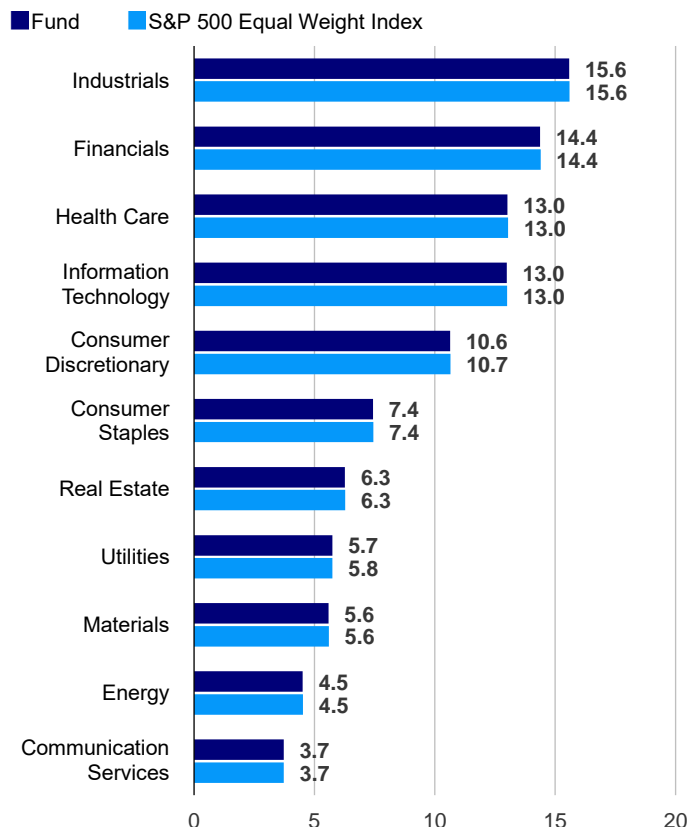
Portfolio positioning

2023 was a difficult year for alternatively weighted investment strategies compared to capitalization-weighted strategies in the US large-cap segment as many top performers were stocks of the largest companies. Narrow leadership by the market's largest companies caused the concentration of weight in the largest stocks in capitalization-weighted investments to soar to a multi-decade high. The weight of the top 10 companies in the S&P 500 Index ended the year at just over 32%. Though there are about 500 stocks in the index, nearly 1/3 of the index is concentrated in just 10 companies, the highest concentration level at any point since the late 1970s. The average combined weight of the S&P 500's top 10 holdings over the last 35 years has been about 21%, and before the recent post-pandemic cycle, the previous high was about 27% in June 2000, just before the Dot-Com bubble burst. The S&P 500's level of concentration historically tends to revert to the mean as it ebbs and flows over time.

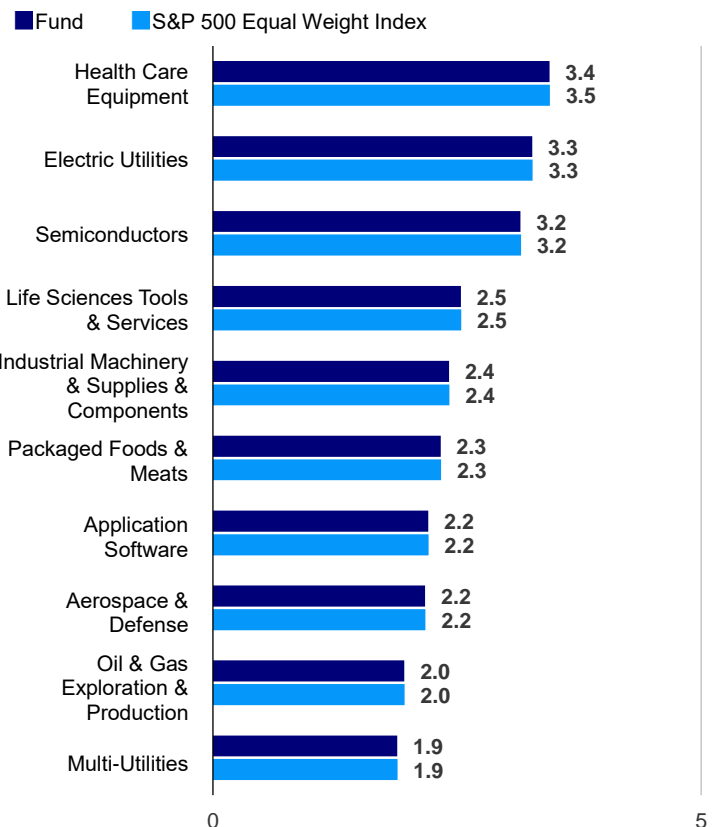
As the narrow group of mega-cap companies drove returns for most of 2023, the capitalization-weighted S&P 500 outperformed alternatively weighted investments like the fund. Although the current period of extreme concentration has been a headwind for the fund's relative performance, the potential for concentration to revert to its mean may be beneficial.

Analysts appear optimistic on earnings growth prospects for the fund and the S&P 500 Index next year. For calendar year 2024, analysts have been estimating year-over-year earnings growth of 7.69% for the fund's holdings and 9.95% for the S&P 500 Index. Despite the strong estimated earnings growth outlook, the fund is currently priced at a discount to the average price-to-earnings ratio of its holdings over the last 10 years. As of December 31st, the S&P 500 traded at a price-to-earnings ratio of 22.94, which represented an 11% premium over its 10-year average of 20.66. At year end, the fund's price-to-earnings ratio of 19.35 was about a 5% discount to its 10-year average. Although valuations have not historically been reliable timing tools in the short term, they may be helpful in anticipating expected returns over longer periods of time. We believe the fund's attractive valuation relative to its history and to the S&P 500 Index, as of year end, bodes positively for shareholders over the long term.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Expedia Group, Inc.	47.27	0.09
Advanced Micro Devices, Inc.	43.37	0.09
D.R. Horton, Inc.	41.75	0.08
Intel Corporation	41.82	0.08
PulteGroup, Inc.	39.67	0.08

Top detractors (%)

Issuer	Return	Contrib. to return
SolarEdge Technologies Inc.	-25.01	-0.06
Hasbro, Inc.	-21.60	-0.05
Paycom Software, Inc.	-20.10	-0.05
Albemarle Corporation	-14.80	-0.04
Exxon Mobil Corporation	-14.19	-0.03

Performance highlights

Invesco Equally-Weighted S&P 500 Fund returned 11.74%, while the S&P 500 Index returned 11.68% for the quarter. In the fourth quarter market participation increased and breadth widened with more participation from smaller stocks. This in our view provided a more competitive landscape for equal weight investment strategies following three consecutive quarters of mega-cap stocks leading market returns. The fund's outperformance of the S&P 500 Index in the fourth quarter largely resulted from its equal weight methodology, which causes a natural tilt toward smaller stocks within the index.

Contributors to performance

Expedia: The online travel service provider's stock rallied as analysts appeared to take notice of strong margin expansion and healthy demand, which led multiple analysts to upgrade their ratings for the stock.

Advanced Micro Devices: The semiconductor company's stock rallied as

management announced earnings and revenue that beat analyst expectations. Additionally, markets appeared to respond favorably to the company's upward revision to its revenue guidance.

Detractors from performance

SolarEdge Technologies: The share price for this solar power equipment manufacturer declined after the company provided disappointing revenue guidance. Management indicated the low revenue projections were due to build-ups of existing inventory at equipment distributors, a sign in our view that end customer demand has weakened.

Hasbro: The toy company saw its share price tumble in the quarter as management announced downward revisions to previous company guidance for revenue, operating margin and cashflow.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 07/28/97	NAV	11.73	13.32	13.32	8.75	13.20	9.82	9.04
	Max. Load 5.5%	5.59	7.09	7.09	6.73	11.92	9.20	8.81
Class R6 shares inception: 09/24/12	NAV	11.84	13.72	13.72	9.13	13.60	10.21	12.15
Class Y shares inception: 07/28/97	NAV	11.80	13.61	13.61	9.03	13.48	10.09	9.31
S&P 500 Equal Weight Index		11.87	13.87	13.87	9.34	13.77	10.40	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	91% (1320 of 1432)	56% (703 of 1302)	77% (925 of 1197)	74% (660 of 903)	-

Expense ratios per the current prospectus: Class A: Net: 0.52%, Total: 0.52%; Class R6: Net: 0.18%, Total: 0.18%; Class Y: Net: 0.27%, Total: 0.27%.

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. 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	13.75	-2.73	14.11	18.26	-8.10	28.61	12.34	28.96	-11.99	13.32
Class R6 shares at NAV	14.19	-2.37	14.53	18.70	-7.78	29.11	12.76	29.39	-11.68	13.72
Class Y shares at NAV	14.04	-2.49	14.40	18.56	-7.87	28.93	12.60	29.30	-11.78	13.61
S&P 500 Equal Weight Index	14.49	-2.20	14.80	18.90	-7.64	29.24	12.83	29.63	-11.45	13.87

Portfolio characteristics*

	Fund	Index
No. of holdings	503	503
Top 10 issuers (% of AUM)	2.32	2.32
Wtd. avg. mkt. cap (\$M)	83,736	83,739
Price/earnings	19.18	19.18
Price to book	2.84	2.84
Est. 3 – 5 year EPS growth (%)	8.44	8.44
ROE (%)	19.23	19.23
Long-term debt to capital (%)	44.01	44.01
Operating margin (%)	19.48	19.48

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.51	0.00
Beta	1.00	1.00
Sharpe ratio	0.55	0.57
Information ratio	-6.30	0.00
Standard dev. (%)	20.74	20.72
Tracking error (%)	0.09	0.00
Up capture (%)	98.48	100.00
Down capture (%)	100.59	100.00
Max. drawdown (%)	26.84	26.70

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.00	0.00	0.00
Consumer Discretionary	-0.01	0.00	-0.01
Consumer Staples	0.01	0.00	0.01
Energy	0.01	0.00	0.01
Financials	-0.01	0.00	-0.01
Health Care	0.00	0.00	0.00
Industrials	0.00	0.00	0.00
Information Technology	-0.01	0.00	-0.01
Materials	0.00	0.00	0.00
Other	-0.02	0.00	-0.02
Real Estate	0.00	0.00	0.00
Utilities	0.01	0.00	0.01
Cash	0.01	0.00	0.01
Total	-0.01	0.00	-0.01

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 12/31/23. Unless stated otherwise, Index refers to S&P 500 Equal Weight Index.

The S&P 500® Equal Weight Index is the equally weighted version of the S&P 500® Index, which is considered representative of the US stock market.

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.

Because the fund operates as a passively managed index fund, adverse performance of a particular stock ordinarily will not result in its elimination from the fund's portfolio. Ordinarily, the Adviser will not sell the fund's portfolio securities except to reflect changes in the stocks that comprise the S&P 500 Index, or as may be necessary to raise cash to pay fund shareholders who sell fund shares.

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.

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

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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.