Invesco Equally-Weighted S&P 500 Fund

Q1 2025

Key takeaways

1 The fund outperformed the S&P 500 Index
The fund's underweights and stock selection in the information technology (IT) and consumer discretionary sectors had the largest positive effects on relative return.

2 Market breadth broadened, supporting relative performance
Equity participation broadened and mega-cap stocks underperformed smaller stocks, creating tailwinds for the fund whose equal weight methodology leads to underweights in the largest index stocks and overweights in smaller ones.

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)	6,635.48

Portfolio managers
Anthony Seisser, Michael Jeanette, Peter Hubbard, Pratik Doshi

Manager perspective and outlook

- The US economy saw marked turbulence in the first quarter, with slowing economic data, rising global tensions and increasing policy uncertainty. The US Federal Reserve (Fed) stayed on the sidelines, projecting lower real rates and refraining from major policy shifts. Small business optimism and consumer confidence saw declines; inflation expectations rose to 5%.
- Tariffs played a major role. New measures on steel and aluminum imports raised the average tariff rate to 8%, which could go higher. This protectionist stance contributed to higher costs and slower business activity in certain sectors.
- On the monetary policy front, the Fed's cautious approach was influenced by uncertainty about the economic impact of tariffs. Fiscal policy also saw notable developments. Congress passed a continuing resolution to fund the federal government through the fiscal year, with increases for defense spending and reductions in non-defense funding. Despite these challenges, wage and salary growth supported consumer spending, although lower income households faced budgetary stress amid higher prices.
- The first quarter highlighted the complex interplay of economic forces and policy decisions shaping the US landscape. In this environment of hyper uncertainty, it was unsurprising that traditionally defensive areas like health care, consumer staples and utilities were among the best performing sectors.

Top issuers

(% of total net assets)

	Fund	Index
Dollar Tree Inc	0.24	0.24
Dollar General Corp	0.23	0.23
W R Berkley Corp	0.23	0.23
Universal Health Services Inc	0.22	0.22
Southwest Airlines Co	0.22	0.22
Ulta Beauty Inc	0.22	0.22
Hess Corp	0.22	0.22
Newmont Corp	0.22	0.22
HCA Healthcare Inc	0.22	0.22
Expand Energy Corp	0.22	0.22

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

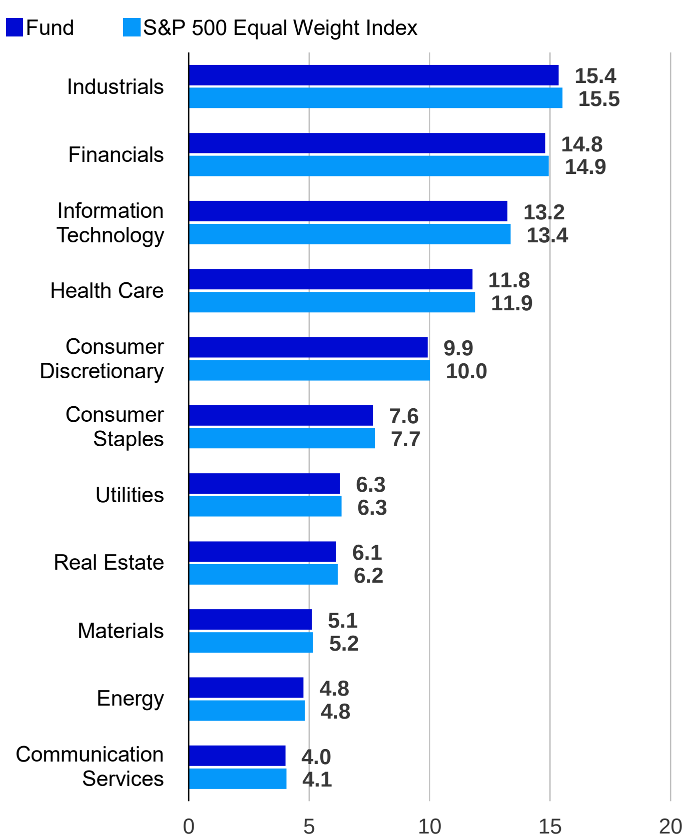
At the start of the quarter, the 10 largest companies in the S&P 500 made up approximately 38% of the index, approaching the highest concentration level in nearly half a century. Underperformance by the "Magnificent 7" stocks (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, and Tesla) in the first quarter reduced this concentration to about 35% by quarter end, though it has remained historically elevated. Over the past 35 years, the average weight of the top 10 companies in the S&P 500 has been about 21%. Before the recent post-pandemic cycle, the previous high was around 27% in June 2000, just before the Dot-Com bubble burst. The concentration level of the S&P 500 tends to revert to the mean over time. If the current period of extreme concentration begins to abate and moves to a less extreme level, it could benefit S&P 500 Equal Weight Index's (Equal Weight) relative return.

Although average price-to-earnings (P/E) ratios for the Equal Weight and the S&P 500 Index have been similar over the last 15 years (19.35 vs. 19.68), the ratios have periodically deviated. At times, the Equal Weight has traded at a sizable valuation premium to the S&P 500 Index, and vice versa. For example, on March 31, 2010, Equal Weight's P/E was at a 28% premium to the S&P 500 (22.95 vs. 18.10). However, as of March 31, 2025, the S&P 500 Index's P/E was at a 25% premium to the Equal Weight Index (24.01 vs. 19.17).

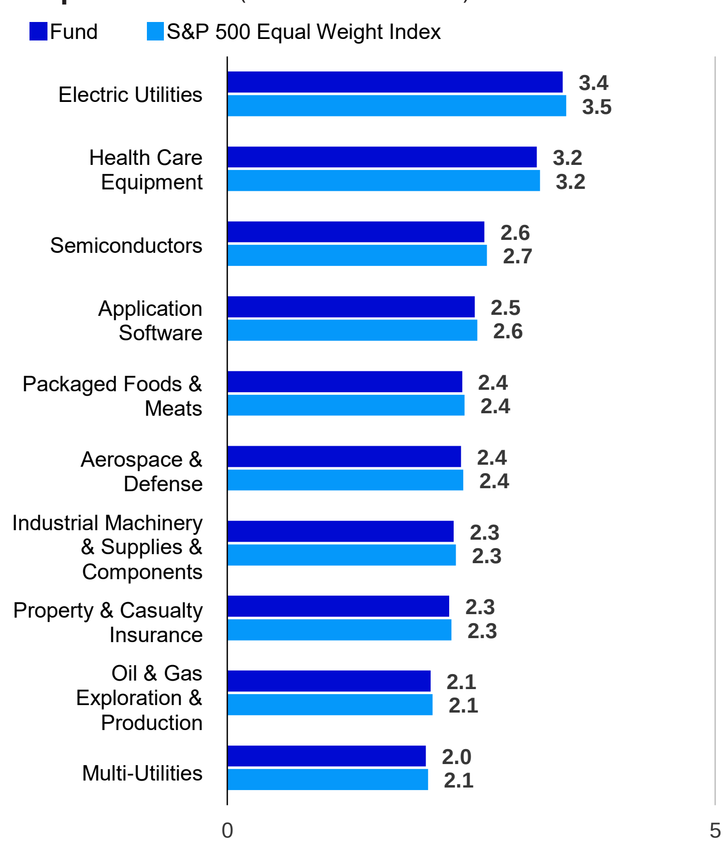
Earnings growth expectations are one factor affecting the valuation differential. Recently, earnings growth has favored the S&P 500 Index, contributing to its current valuation premium. As of March 31, 2025, year-over-year earnings were down 4.48% for Equal Weight, while they rose 7.50% for the S&P 500 Index.

Looking forward, analysts predict earnings growth for the two indexes may begin to converge. As of April 10, analysts forecast 2025 and 2026 year-over-year earnings growth of 7.88% and 12.38%, respectively, for Equal Weight, compared to 13.18% and 12.60%, respectively, for the S&P 500 Index. In our view the S&P 500's current valuation represents a premium on both an absolute and relative basis, setting a high bar for earnings growth expectations. In the past, valuations have not been reliable timing tools in the short term, but they may help to anticipate expected returns over longer periods. The Equal Weight's attractive valuation on an absolute basis and relative to the S&P 500 Index, along with the forecasted convergence in earnings growth, could in our view bode well for results over the long term.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
CVS Health Corporation	52.79	0.09
Philip Morris International Inc.	33.06	0.06
Newmont Corporation	30.48	0.06
Consolidated Edison, Inc.	25.04	0.05
AT&T Inc.	25.79	0.05

Top detractors (%)

Issuer	Return	Contrib. to return
Deckers Outdoor Corporation	-44.95	-0.09
Teradyne, Inc.	-34.33	-0.07
ON Semiconductor Corporation	-35.46	-0.07
Moderna, Inc.	-31.82	-0.07
Broadcom Inc.	-27.56	-0.06

Performance highlights

Invesco Equally-Weighted S&P 500 Fund returned -0.74%, while the S&P 500 Index returned -4.27% for the first quarter. Over the course of the quarter, market breadth broadened, with a larger number of stocks outperforming the S&P 500 Index's return.

The fund's outperformance of the S&P 500 Index in the first quarter largely resulted from a natural tilt toward smaller stocks resulting from the fund's equal weight methodology.

Contributors to performance

NVIDIA: An underweight in NVIDIA was the largest contributor to relative performance. NVIDIA's stock price fell during the quarter amid investor concerns about artificial intelligence (AI)-related capital expenditures as Chinese AI company DeepSeek claimed its advancements were achieved at a fraction of the typical cost. US tariff uncertainty also appeared to weigh heavily on NVIDIA and the broader semiconductor industry.

Tesla: An underweight in Telsa was the second largest contributor to relative return. Tesla shares fell as the company ended 2024 with lower deliveries for the first time in more than a decade. Additionally, Tesla saw downgrades from certain equity analysts, citing softening demand and growth projections. Tesla's stock price was further pressured by CEO Elon Musk's polarizing work in the Department of Government Efficiency.

Detractors from performance

Berkshire Hathaway: An underweight in Berkshire Hathaway was the largest detractor from relative return. Berkshire's stock rose steadily through the first quarter upon strong fundamental results. Berkshire entered the year with $334 billion in cash, leaving the company in our view well positioned for the high levels of uncertainty about economic growth and US policy changes.

Visa: An underweight in Visa was another notable detractor from relative return. Visa reported strong quarterly financial results and benefited from a favorable analyst outlook that cited robust revenue growth, diversified segments and strong competitive positioning.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 07/28/97	NAV	-0.74	-0.74	3.53	4.64	17.12	9.42	9.05
	Max. Load 5.5%	-6.21	-6.21	-2.15	2.69	15.81	8.81	8.83
Class R6 shares inception: 09/24/12	NAV	-0.64	-0.64	3.91	5.01	17.53	9.82	11.89
Class Y shares inception: 07/28/97	NAV	-0.68	-0.68	3.80	4.91	17.42	9.70	9.32
S&P 500 Equal Weight Index		-0.61	-0.61	4.09	5.20	17.71	10.00	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	78% (1084 of 1375)	93% (1184 of 1274)	62% (709 of 1173)	88% (790 of 894)	-

Expense ratios per the current prospectus: Class A: Net: 0.53%, Total: 0.53%; Class R6: Net: 0.18%, Total: 0.18%; Class Y: Net: 0.28%, Total: 0.28%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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.

Calendar year total returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-2.73	14.11	18.26	-8.10	28.61	12.34	28.96	-11.99	13.32	12.44
Class R6 shares at NAV	-2.37	14.53	18.70	-7.78	29.11	12.76	29.39	-11.68	13.72	12.82
Class Y shares at NAV	-2.49	14.40	18.56	-7.87	28.93	12.60	29.30	-11.78	13.61	12.72
S&P 500 Equal Weight Index	-2.20	14.80	18.90	-7.64	29.24	12.83	29.63	-11.45	13.87	13.01

Portfolio characteristics*

	Fund	Index
No. of holdings	503	503
Top 10 issuers (% of AUM)	2.77	2.23
Wtd. avg. mkt. cap ($M)	99,712	99,712
Price/earnings	19.93	19.93
Price to book	2.83	2.83
Est. 3 – 5 year EPS growth (%)	9.83	9.83
ROE (%)	18.62	18.62
Long-term debt to capital (%)	42.74	42.74
Operating margin (%)	19.44	19.44

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.51	0.00
Beta	1.00	1.00
Sharpe ratio	0.80	0.84
Information ratio	-6.68	0.00
Standard dev. (%)	18.07	18.05
Tracking error (%)	0.09	0.00
Up capture (%)	98.56	100.00
Down capture (%)	100.88	100.00
Max. drawdown (%)	21.03	20.68

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.00	0.00	0.00
Consumer Discretionary	0.00	0.00	0.00
Consumer Staples	0.00	0.00	0.00
Energy	0.00	0.00	0.00
Financials	0.00	0.00	0.00
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	-0.01	0.00	-0.01
Real Estate	0.00	-0.01	-0.01
Utilities	0.00	0.00	0.00
Cash	0.01	0.00	0.01
Total	**0.00**	**0.00**	**0.00**

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 03/31/25. Unless stated otherwise, Index refers to S&P 500 Equal Weight Index.

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

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.