

Invesco Dividend Income Fund

Q1 2026

Key takeaways

1 Market volatility amid economic and AI uncertainty

Volatility rose in the first quarter amid shifting interest rate expectations, geopolitical tension and mixed economic data. The S&P 500 Index had its largest quarterly decline since 2022¹. The US Federal Reserve (Fed) paused its rate cuts, adopting a cautious stance.

2 Performance drivers

Top performers exhibited strong operations, capital discipline and strategic leadership. Underperformers suffered from cautious growth amid transformation, delays related to supply constraints and execution challenges.

3 Portfolio positioning focused on quality

The fund maintained a quality bias, emphasizing companies that have sustainable free cash flow and healthy balance sheets, with exposure to secular growers in areas like cloud computing, automation and health care to navigate volatility.

Investment objective

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

Fund facts

Fund AUM (\$M)	3,680.70
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Portfolio managers

Peter Santoro, Caroline Le Feuvre, Christopher McMeans, Craig Leopold

Manager perspective and outlook

- US financial markets experienced a turbulent first quarter driven by shifting interest rate expectations, geopolitical instability and mixed economic data.
- Equities began the year supported by solid corporate earnings and broader market leadership, but volatility increased in late February and March.
- Rising tensions involving Iran, higher energy prices and continued uncertainty about artificial intelligence (AI) disruption seemed to weigh on investor sentiment.
- After three interest rate cuts in late 2025, the Fed held rates steady, signaling a more cautious approach with interest rates remaining higher for longer.
- Economic growth remained positive but showed signs of slowing, with smaller job gains, a rise in unemployment and inflation still above the Fed's 2% target.
- The S&P 500 Index returned -4.33%, its weakest quarterly result since 2022¹.
- Value stocks outperformed growth, as rising rates and a selloff in technology stocks appeared to pressure growth-oriented benchmarks.
- The potential for further downside in risk assets has increased, though stronger private-sector balance sheets may help limit the severity compared to past stress periods.
- Prolonged geopolitical strain in our view dampens prospects for synchronized global growth in 2026. In a slower growth, higher inflation environment, we believe higher quality, dividend paying large-cap stocks may be better positioned.



Top issuers

(% of total market value)

	Fund	Index
JPMorgan Chase & Co	3.76	2.64
Johnson & Johnson	3.29	1.94
Chevron Corp	3.09	1.28
Bank of America Corp	2.74	0.97
Parker-Hannifin Corp	2.52	0.37
Lowe's Cos Inc	2.52	0.44
Philip Morris International Inc	2.09	0.85
Linde PLC	2.06	0.77
Cisco Systems Inc	2.03	1.02
AT&T Inc	1.96	0.66

As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

Compared to the Russell 1000 Value Index, the fund is generally balanced across sectors and industries, with exposure to areas that have been benefiting from long-term secular growth tailwinds, including e-commerce, electric vehicles, cloud computing, industrial automation, medical technology and broadband. Our dual focus on companies generating sustainable free cash flow levels and having healthy balance sheets gives the fund a quality bias, with defensive characteristics that we believe should be valuable if volatility persists.

Notable Additions

Capital One recently expanded its capabilities by acquiring Discover Financial and financial technology firm Brex. We expect these acquisitions to drive significant synergies and potential for multiple expansion as Capital One works to transform into a leading payments provider.

Honeywell in our view appears poised for improvement, supported by better financial metrics and upcoming corporate actions meant to simplify its business. The global manufacturing conglomerate in our view remains attractively valued despite improving free cash flow margins, organic growth and reduced financial leverage.

Becton Dickinson, a major global medical technology firm, has been planning to separate its Lifesciences segment in an effort to create a more focused business and enhance strategic investment and capital deployment.

International Business Machines, a multinational technology company, was added to the fund due to its resilient legacy systems, strategic AI integration in services, steady software growth, ongoing merger & acquisition potential and what we saw as an attractive valuation following a recent price decline.

Tractor Supply is a home improvement and agricultural supply retailer that has benefited from rural migration and customer loyalty, with growth driven by store expansion, Tractor Supply RX and private brands. Improving fundamentals and new initiatives position it for solid earnings growth in our view.

Notable Sales

Salesforce was sold amid fear that AI will disrupt software-as-a-service (SaaS) business models.

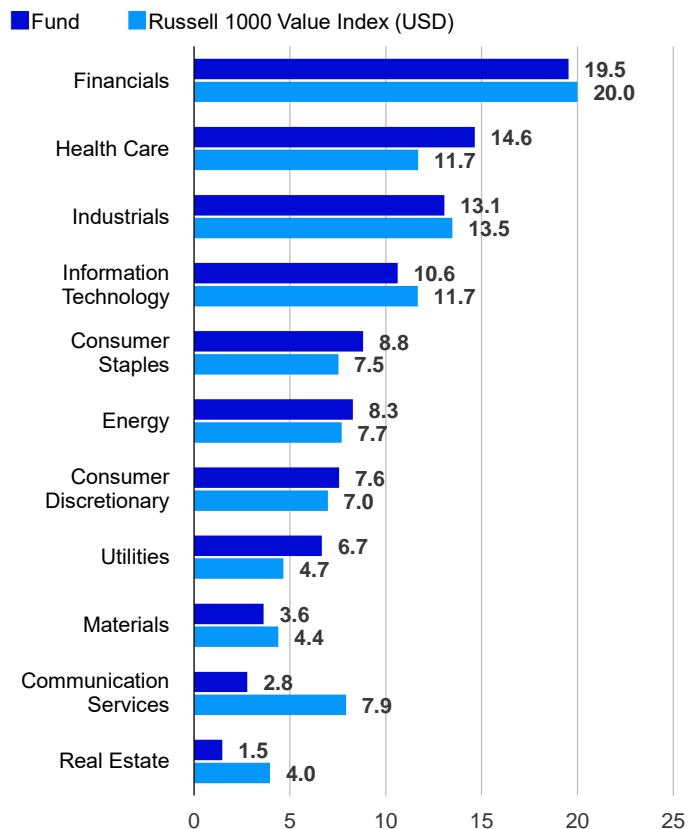
Sysco was sold due to restaurant industry headwinds, including input costs and consumer spending pressure.

Dupont was sold after the spin out of its electronics business, Qnity, which drove up its share price.

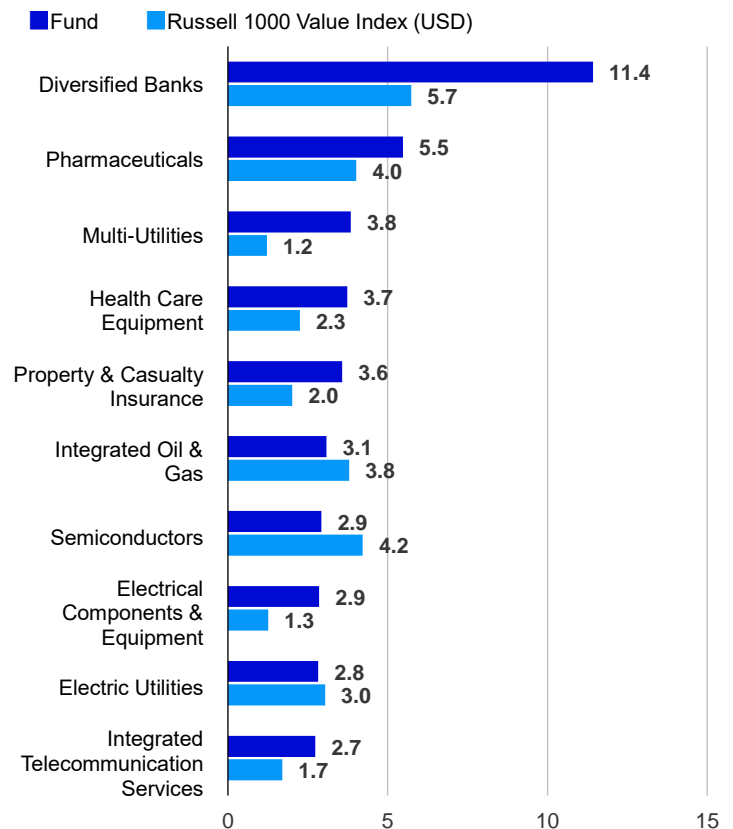
KKR was sold due to increasing uncertainty tied to hidden private credit issues, data center financing and software exposure that seem to have weakened investor sentiment toward alternative investments.

Walt Disney was sold due to concerns that price sensitive consumers and geopolitics could reduce demand for parks and cruises.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Chevron Corporation	37.09	0.81
Johnson & Johnson	18.74	0.56
ConocoPhillips	42.08	0.55
Lam Research Corporation	24.96	0.38
Williams Companies, Inc.	21.94	0.29

Top detractors (%)

Issuer	Return	Contrib. to return
Salesforce, Inc.	-30.06	-0.38
Microsoft Corporation	-23.28	-0.36
Bank of America Corporation	-10.85	-0.31
JPMorgan Chase & Co.	-8.30	-0.28
Abbott Laboratories	-17.64	-0.27

Performance highlights

The fund delivered a positive return for the quarter but underperformed the Russell 1000 Value Index. Underperformance resulted from stock selection in the information technology (IT), consumer discretionary, materials and real estate sectors. The IT sector contended with cyclical and structural challenges, supply issues and pricing pressures.

Strong stock selection in the communication services, consumer discretionary, utilities and industrials sectors added to relative return. Performance in the communication services sector was driven by robust demand and pricing power in communications and data center segments, technological innovation in optics and networking, strategic partnerships and positive forward guidance reflecting growth in AI and data infrastructure.

Contributors to performance

Chevron has been in our view performing well operationally with record production and solid prospects for free cash flow growth. The company is well positioned in key growth areas like Venezuela and the Permian Basin, with disciplined capital allocation and cost efficiency programs supporting its outlook.

Johnson & Johnson delivered what we see as impressive financial results, beating expectations for revenue, earnings per share (EPS) and forward guidance. The stock appeared to benefit from resilient health care

demand, confidence in its earnings durability, visible pipeline momentum and diminishing uncertainty from legacy risks.

ConocoPhillips delivered strong performance attributable to its disciplined capital management, operational efficiencies, strategic portfolio focus and favorable market positioning. These factors enabled the company to deliver production growth and robust free cash flow.

Detractors from performance

Salesforce's underperformance appears linked to cautious near-term growth guidance, ongoing re-platforming efforts with associated execution risks, margin pressures from cost inflation, and the challenges of adapting to AI-driven market disruptions.

Microsoft's recent underperformance is due to supply-side constraints in Azure capacity, compounded by internal prioritization of resources for AI and research and development projects. This has delayed the expected acceleration in Azure growth, which we believe is critical for driving near-term stock performance.

Bank of America experienced headwinds largely due to macroeconomic and sector-wide forces, including interest rates potentially staying higher for longer, investors' rotation out of large-cap bank stocks, and growing concerns about consumer and private credit risk.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Investor shares inception: 06/02/86	NAV	1.77	1.77	14.29	12.14	8.98	8.08	8.52
Class A shares inception: 03/28/02	NAV	1.79	1.79	14.32	12.16	9.00	8.08	8.50
	Max. Load 5.5%	-3.81	-3.81	8.04	10.06	7.77	7.47	8.24
Class R6 shares inception: 09/24/12	NAV	1.87	1.87	14.66	12.52	9.36	8.47	9.67
Class Y shares inception: 10/03/08	NAV	1.83	1.83	14.58	12.42	9.26	8.34	9.24
Russell 1000 Value Index (USD)		2.10	2.10	15.87	14.31	9.43	10.58	-
Total return ranking vs. Morningstar Large Value category (Class Investor shares at NAV)		-	-	57% (592 of 1092)	76% (782 of 1050)	67% (662 of 987)	96% (792 of 827)	-

Expense ratios per the current prospectus: Class Investor: Net: 0.94%, Total: 0.94%; Class A: Net: 0.93%, Total: 0.93%; Class R6: Net: 0.60%, Total: 0.60%; Class Y: Net: 0.69%, Total: 0.69%.

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. On Feb. 6, 2013, the fund's investment strategy eliminated a requirement to concentrate its investments primarily in the securities of issuers in utilities-related industries. Results prior to Feb. 6, 2013, reflect the performance of the fund's previous strategy. Index source: FactSet Research Systems Inc. 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 Investor, Y and R6 shares have no sales charge; therefore, performance is at NAV. Class Y shares are available only to certain investors. Class Investor and R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class Investor shares at NAV	15.71	9.05	-7.37	18.31	0.57	18.98	0.61	7.03	11.36	15.39
Class A shares at NAV	15.69	9.08	-7.38	18.31	0.58	18.97	0.63	7.03	11.36	15.43
Class R6 shares at NAV	16.17	9.45	-7.03	18.76	1.01	19.41	0.93	7.42	11.72	15.78
Class Y shares at NAV	16.00	9.37	-7.14	18.60	0.84	19.24	0.84	7.31	11.64	15.69
Russell 1000 Value Index (USD)	17.34	13.66	-8.27	26.54	2.80	25.16	-7.54	11.46	14.37	15.91

Portfolio characteristics*

	Fund	Index
No. of holdings	72	867
Top 10 issuers (% of AUM)	26.05	19.34
Wtd. avg. mkt. cap (\$M)	261,414	370,431
Price/earnings	20.09	19.80
Price to book	3.24	3.00
Est. 3 – 5 year EPS growth (%)	10.43	10.99
ROE (%)	19.24	17.58
Long-term debt to capital (%)	44.47	37.70
Operating margin (%)	22.79	20.29

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.29	0.00
Beta	0.86	1.00
Sharpe ratio	0.43	0.41
Information ratio	-0.13	0.00
Standard dev. (%)	12.92	14.63
Tracking error (%)	3.54	0.00
Up capture (%)	79.99	100.00
Down capture (%)	89.13	100.00
Max. drawdown (%)	14.04	17.75

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.29	0.31	0.60
Consumer Discretionary	-0.10	0.57	0.47
Consumer Staples	0.11	-0.21	-0.10
Energy	-0.08	-0.21	-0.29
Financials	0.04	0.03	0.07
Health Care	-0.11	0.06	-0.05
Industrials	-0.10	0.23	0.12
Information Technology	0.10	-1.01	-0.91
Materials	-0.04	-0.13	-0.17
Other	0.00	0.00	0.00
Real Estate	-0.01	-0.11	-0.13
Utilities	0.12	0.12	0.24
Cash	0.01	0.00	0.01
Total	0.24	-0.36	-0.12

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.**

1 Source: Invesco

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to Russell 1000 Value Index (USD).

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.

About Risk

Securities that pay high dividends as a group can fall out of favor with the market, causing such companies to underperform companies that do not pay high dividends. Also changes in the dividend policies of the companies and the capital resources available for such companies' dividend payments may affect the fund.

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.

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.