



# Invesco Diversified Dividend Fund

## Monthly Performance Comments

Invesco Diversified Dividend Fund (Class A shares at NAV) returned -9.99% during the month of February, performing roughly in line with the Russell 1000 Value Index, which returned -9.68%.

### Lead Portfolio Manager

Meggan Walsh, CFA  
(Since 12/02)

Robert Botard, CFA  
(Since 4/04)

Kristy Bradshaw, CFA  
(Since 8/06)

Chris McMeans, CFA  
(Since 1/09)

**Portfolio Manager Inception**  
Dec. 31, 2002

**Fund Assets**  
\$16.94 billion

### Investment Philosophy

We employ a total return strategy, emphasizing appreciation, income and preservation over a full market cycle.

For additional information, please visit our website at [invesco.com/us](http://invesco.com/us)

### Top Sectors Contributing to Absolute Performance

1. All sectors declined

### Bottom Sectors Detracting from Absolute Performance

1. Consumer Staples
2. Utilities

### Top Sectors Contributing to Relative Performance

1. Consumer Discretionary— stock selection
2. Energy – allocation/underweight

### Bottom Sectors Detracting from Relative Performance

1. Health Care— stock selection
2. Financials— stock selection

## 1-Year Performance Comments

For the year ended February 29, 2020, Invesco Diversified Dividend Fund (Class A shares at NAV) returned 0.61%, performing roughly in line with the Russell 1000 Value Index, which returned 0.54%.

### Top Sectors Contributing to Absolute Performance

1. Consumer Staples
2. Utilities

### Bottom Sectors Detracting from Absolute Performance

1. Energy
2. Financials

### Top Sectors Contributing to Relative Performance

1. Consumer Staples – stock selection & allocation/overweight
2. Utilities – allocation/overweight
3. Energy – allocation/underweight

### Bottom Sectors Detracting from Relative Performance

1. Financials – stock selection
2. Technology - allocation/underweight
3. Industrials— stock selection

**Entergy** was among the top contributors to fund performance for the year. The utility company has been focused on exiting its merchant power business and transitioning to a fully regulated utility in order to potentially deliver more consistent earnings. In addition, success in securing regulatory improvements in several state jurisdictions drove outperformance for the year.

**ConocoPhillips** was among the largest detractors from performance for the year. **ConocoPhillips** declined during the year along with energy stocks in general. The company has generated cash flows above expectations from higher unit profitability and faster debt reduction. In line with our thesis management has continued to increase the return of capital to shareholders. They recently announced a 38% dividend increase and an annual share buyback of \$3 billion.

## Market Overview

US equity markets got off to a positive start with the broad US market reaching all-time highs before rising concerns over the spread of coronavirus triggered a sharp sell-off. With market volatility rising, investors instead opted for perceived 'safe havens' such as government bonds and gold. All sectors within the S&P 500 posted losses during the month with the energy, financials and utilities sectors declining the most. 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.

## Portfolio Positioning & Outlook

At month 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 financials, health care and technology.

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.

More recently, we have placed particular emphasis on managing downside risk through sensitivity analysis of our modeled assumptions, given our belief that the profit cycle appears to be waning, valuations are extended, and narrow market conditions warrant attention.

## Average Annual Total Returns (%)

As of Dec. 31, 2019	1-Year	3-Year	5-Year	10-Year	PM Inception
Invesco Diversified Dividend Fund (Class A Shares at NAV)	25.02	7.65	7.74	10.93	9.29
Invesco Diversified Dividend Fund (Class A Shares w/ Sales Charge)	18.13	5.65	6.53	10.31	8.92
<sup>1</sup> Russell 1000 Value Index	26.54	9.68	8.29	11.8	9.34
<sup>2</sup> Morningstar Percentile Rank and Ranking:					
Large Cap Value Category— (Class A Shares based on total return)	55% (645/1209)	88% (948/1091)	60% (524/945)	52% (313/690)	30% (216/714)

- Returns for periods of less than one year are cumulative and not annualized.
- Class A share PM inception date is 12/31/2002

- Annual Expense Ratio:
- Class A shares: 0.81%.

**Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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 so that you may have a gain or loss when you sell shares. Index returns do not reflect any fees, expenses or sales charges. Performance shown at NAV does not include applicable front-end sales charges (max. 5.50%), which would have reduced performance. Performance for other share classes will differ due to differing sales charge structures and class expenses. 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. Return figures for periods shown are annualized.**

1. The Russell 1000<sup>®</sup> Value Index is an unmanaged index considered representative of large-cap value stocks. An investment cannot be made into an index. **Past performance is not a guarantee of future results.**
2. Source Morningstar, Inc. **Rankings are based on total return, excluding sales charges and including fees and expenses versus all funds in the Morningstar category.** 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.

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As of 2/29/20, Invesco Diversified Dividend Fund had 3.57% of its assets in Entergy and 1.29% in ConocoPhillips. Attribution analysis is a process used to analyze the absolute return (often called contribution) and the excess return (often called relative return) between a portfolio and its benchmark. The total effect measures both the allocation effect to a sector as well as stock selection within a sector.

### Disclosures

Holdings are subject to change and are not buy/sell recommendations. The portfolio 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 opinions expressed are those of the Portfolio Managers of the Invesco Diversified Dividend Fund and 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.

### 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 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 advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).***

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