

## April 2023, Fund Highlights

### Portfolio Managers

**Peter Santoro, CFA**  
Lead Portfolio Manager

**Chris McMeans, CFA**  
Portfolio Manager

**Caroline Le Feuvre**  
Portfolio Manager

**Craig Leopold, CFA**  
Portfolio Manager

**Tugce Bengu**  
Portfolio Manager\*

**Fund Inception**  
Dec. 31, 2001

**Fund Assets**  
\$11.47 billion  
As of Apr. 30, 2023

### Investment philosophy

We seek to serve as a foundation for investors' portfolios by employing a total return approach, emphasizing appreciation, income and preservation.

The fund is managed to provide upside participation with better downside preservation over a full market cycle and seeks to deliver a low-volatility, broadly diversified stock portfolio across all market sectors.

Every company we buy is required to pay a dividend when we add them to the portfolio.

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

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

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### Market overview

Markets stabilized in April following a volatile March that was punctuated by the failure of two US regional banks. Milder inflation data and a better-than-expected corporate earnings season supported equities in April with most major indexes posting gains. For the 12-months ending March 31, the Consumer Price Index (CPI) came in at 5%, the smallest 12-month increase since the period ending May 2021.<sup>1</sup> The March month-over-month CPI rose by 0.1 %, a decline from an increase of 0.4% in February.<sup>1</sup> The labor market remained tight as nonfarm payrolls rose, and the unemployment rate held at historically low 3.5%.<sup>2</sup> As corporate earnings season got under way, results were not as bad as many investors had feared, and a number of companies, including some big tech names provided better future guidance. Stocks were also buoyed by investor optimism that the Federal Reserve would slow the pace of rate increases at its meeting in early May.

Equities advanced broadly in April, with the S&P 500 Index returning 1.56%.<sup>3</sup> Within the S&P 500 Index, communication services and consumer staples had the highest returns, while materials, consumer discretionary and industrials had losses.<sup>3</sup> Value stocks outperformed slightly with the Russell 1000 Value Index returning 1.51%, while the Russell 1000 Growth index returned 0.99%.<sup>3</sup>

### Fund performance drivers

**Monthly Performance Comments:** Invesco Diversified Dividend Fund (Class A shares at NAV) returned 2.01% during the month of April, outperforming the Russell 1000 Value Index, which returned 1.51%. Sector performance within the fund was mixed during the month. The health care and energy sectors contributed the most to absolute performance, while real estate and industrials were the largest detractors. On a relative basis, stock selection in health care and information technology helped performance the most, while stock selection in financials hurt.

**1-Year Performance Comments:** For the year ended April 30, 2023, Invesco Diversified Dividend Fund (Class A shares at NAV) returned 2.30%, outperforming the Russell 1000 Value Index, which returned 1.21%. The Fund's class A shares at NAV held up well in the volatile market environment over the last year, resulting in outperformance versus the benchmark over the trailing 1-year period ended April 30, 2023. Pharmaceutical company **Merck** was the largest contributor to overall Fund performance for the year ended April 30, 2023. Merck's sales were driven by higher than forecasted oncology and vaccine revenues for much of the year. Underlying strength across its core franchises led to an increase in sales and earnings guidance going forward as well. Health care services company **CVS Health** was the largest detractor from overall performance for the year ended April 30, 2023. Shares of CVS were hurt by a rotation away from more defensive sectors like health care toward the end of the period. Concerns about deceleration in Medicare Advantage growth rates and potential regulation of Pharmacy Benefits Managers also weighed on the stock.



Sector	% Total Net Assets
Communication Services	5.56%
Consumer Discretionary	5.79%
Consumer Staples	9.60%
Energy	9.22%
Financials	17.12%
Health Care	18.65%
Industrials	12.13%
Information Technology	8.71%
Materials	2.91%
Real Estate	1.82%
Utilities	5.68%
Cash	2.81%

## Portfolio Activity and Positioning

The team has taken advantage of market volatility so far in 2023 by adding several new holdings and reducing or selling some existing positions. During April, the team sold the fund's investments in health care companies **AbbVie** and **Elevance Health**. They did not initiate any new positions during the month.

As of April 30, 2023, the largest overweight positions for the Fund versus the Russell 1000 Value Index were in the health care and consumer staples sectors, while the largest underweight positions were in the financials, communication services, and real estate sectors. International exposure was around 3% and cash was around 3% at month end. The team believes the portfolio is currently positioned with good balance across both sectors and industries, and exposure to areas that will potentially benefit from long-term secular growth tailwinds.

Acknowledging that the market is facing some crossroads in regards to macroeconomic events such as rising interest rates, inflation, oil spikes and added geopolitical risk, the driving principles of our investment process remain rooted in a total return approach that seeks to deliver appreciation, income and preservation over a full market cycle. No matter the backdrop, we focus on companies generating attractive free cash flow and analyzing its drivers and its ability to support future dividend growth as well as balance sheet strength and flexibility. We continue to emphasize the growth and sustainability of a company's dividend, as we believe companies with these characteristics have historically outperformed the market over a cycle.

Additionally, the team believes that investors may place a heavier focus on dividend paying stocks in 2023—dividends have historically accounted for a larger part of total return versus what has been the case in the last decade due to outsized upside returns.<sup>4</sup> However, if we enter a period with more normal returns, then dividends could make up a much larger portion of total return.

As of Apr. 30, 2023. May not equal 100% due to rounding. The Global Industry Classification Standard was developed by and is the exclusive property and service mark of MSCI, Inc. and Standard & Poor's.

### Standardized performance (%) as of April 30, 2023

Invesco Diversified Dividend Fund	Annualized						
	1 Month	3 Months	YTD	1 Year	3 years	5 Years	10 Years
Class A shares at NAV	2.01	-1.76	1.83	2.30	13.17	7.16	8.11
Class A shares w/ <b>max 5.50% load</b>	<b>-3.59</b>	<b>-7.17</b>	<b>-3.77</b>	<b>-3.31</b>	<b>11.05</b>	<b>5.96</b>	<b>7.50</b>
Russell 1000 Value Index	1.51	-2.52	2.53	1.21	14.38	7.75	9.13
S&P 500 Index	1.56	2.72	9.17	2.66	14.52	11.45	12.20
Morningstar Percentile Rank and Ranking: Large Cap Value Category (Class A shares based on total return)				40% (488/1221)	79% (897/1135)	68% (739/1087)	79% (637/806)

### As of latest quarter end, March 31, 2023

Invesco Diversified Dividend Fund	1 Month	3 Months	YTD	1 Year	3 years	5 Years	10 Years
Class A shares at NAV	-0.57	-0.17	-0.17	-4.39	15.60	6.96	8.08
Class A shares w/ <b>max 5.50% load</b>	<b>-6.02</b>	<b>-5.67</b>	<b>-5.67</b>	<b>-9.65</b>	<b>13.43</b>	<b>5.76</b>	<b>7.47</b>
Russell 1000 Value Index	-0.46	1.01	1.01	-5.91	17.93	7.50	9.13
S&P 500 Index	3.67	7.50	7.50	-7.73	18.60	11.19	12.24
Morningstar Percentile Rank and Ranking: Large Cap Value Category (Class A shares based on total return)				42% (500/1239)	85% (972/1155)	71% (757/1103)	82% (666/1038)

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.

Morningstar 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. ©2023 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Returns for periods of less than one year are cumulative and not annualized.

Annual expense ratios: Class A shares (total) 0.82% per the current prospectus. See current prospectus for more information.

Inception date: Class A shares inception Dec. 31, 2001

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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.

The Russell 1000® Growth Index is an unmanaged index considered representative of large-cap growth stocks. The Russell 1000® Growth Index is a trademark/service mark of the Frank Russell Co. Russell® is a trademark of the Frank Russell Co.

The S&P 500 Index is an unmanaged index generally representative of the US stock market.

An investment cannot be made directly in an index. Past performance is not a guarantee of future results.

The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a marker basket of consumer goods and services.

1 Source: Bureau of Labor Statistics, April 12, 2023

2 Source: U.S. Bureau of Labor Statistics, April 7, 2023.

3 Source: Morningstar Direct, April 30, 2023

4 Source: Ned Davis Research, Dec. 31, 2022

*As of 4/30/23, Invesco Diversified Dividend Fund had 2.47% of its assets in Merck, 2.21% in CVS Health, and 0.00% in AbbVie and Elevance Health.*

#### **Important disclosures:**

Holdings are subject to change and are not buy/sell recommendations. The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

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.

Forward-looking statements are not guarantees of future results. They invoke risks, uncertainties and assumptions, there can be no assurance that actual results will not differ materially from expectations.

#### **About risk**

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors and the amount of any dividend may vary over time.

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.

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