

Invesco Charter Fund

Q1 2026

Key takeaways

1 The fund underperformed its benchmark
Underperformance mainly resulted from stock selection in the health care, industrials and consumer staples sectors. Stronger stock selection in the consumer discretionary and real estate sectors partially offset these results.

2 Portfolio activity
There was no significant change to the fund's overall positioning during the quarter as we sought to keep most sector, factor and other macro-related exposures similar to the Russell 1000 Index.

3 US equity markets declined
Amid heightened volatility sparked by geopolitical tensions, rising energy prices and artificial intelligence-related (AI) investor concerns, US equities fell during the quarter. The Russell 1000 Index returned -4.18%, driven by declines in the information technology (IT) and financials sectors.

Investment objective

The fund seeks long-term growth of capital.

Fund facts

Fund AUM (\$M)	3,363.75
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Portfolio managers

Belinda Cavazos, Benjamin Ram, Magnus Krantz

Manager perspective and outlook

- US financial markets had a volatile first quarter, marked by shifting monetary policy expectations, geopolitical instability and uneven economic data.
- Equities started 2026 with momentum as earnings remained solid and market leadership broadened beyond mega cap growth stocks. Volatility rose later in the quarter due to the Iran conflict, higher energy prices and concerns about AI disruption.
- Economic growth remained positive but showed signs of softening, as job gains slowed, unemployment edged higher and inflation stayed above the US Federal Reserve's (Fed) 2% target.
- Following three rate cuts in late 2025, the Fed kept the federal funds rate unchanged during the quarter, signaling a more cautious stance with rates staying "higher for longer" in response to persistent inflation and a cooling labor market.
- Major equity indexes declined amid heightened volatility, with the Russell 1000 Index returning -4.18%. Energy stocks outperformed on rising oil prices, while financials and IT lagged.
- Regardless of market sentiment and near-term economic trends, our investment process favors better managed companies with strong competitive positioning. We seek to outperform through stock selection while keeping top-down macro, factor and sector exposures similar to the index.



Top issuers

(% of total market value)

	Fund	Index
NVIDIA Corp	8.17	6.83
Alphabet Inc	6.05	5.07
Microsoft Corp	5.86	4.59
Apple Inc	5.65	6.11
Amazon.com Inc	4.06	3.34
Broadcom Inc	3.05	2.39
Meta Platforms Inc	2.99	2.09
JPMorgan Chase & Co	2.66	1.34
Eli Lilly & Co	1.73	1.23
Walmart Inc	1.72	0.90

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

Portfolio positioning

We maintain our valuation discipline and focus on companies with competitive advantages and skilled management teams we believe that are executing better than peers. These companies historically tend to have higher profit margins and returns on invested capital (ROIC), rising market shares and consistently strong pricing power. As of quarter end, all sector weights were within +/- 3% of the Russell 1000 Index; the fund's largest overweight was health care and its largest underweight was financials.

The largest additions during the quarter included the following:

Applied Materials has underperformed for an extended period, creating what we consider an attractive entry point. High capital spending plans from Taiwan Semiconductor Manufacturing (not a fund holding) suggest to us demand for Applied Material's equipment should stay strong.

Hershey is in our view well positioned to benefit from easing cocoa prices and has limited exposure to currency and emerging market risk.

Merck & Co. has in our view been successful in building its product pipeline in an effort to help offset Keytruda's upcoming loss of exclusivity. Merck also introduced a new Keytruda formulation with longer patent protection, which we believe should help it retain market share as biosimilar competition emerges.

Ross Stores is a leading discount retailer that is gaining market share, benefiting from its value positioning and a shopping experience that is historically less vulnerable to online competition.

Union Pacific is a leading operator in the highly consolidated rail industry, with a proposed acquisition of Norfolk Southern that we believe would support more stable pricing. The company could benefit from higher fuel prices given its cost advantage over trucking.

The largest positions sold during the quarter included the following:

Estee Lauder was sold due to concerns about its potential acquisition of Puig (not a fund holding).

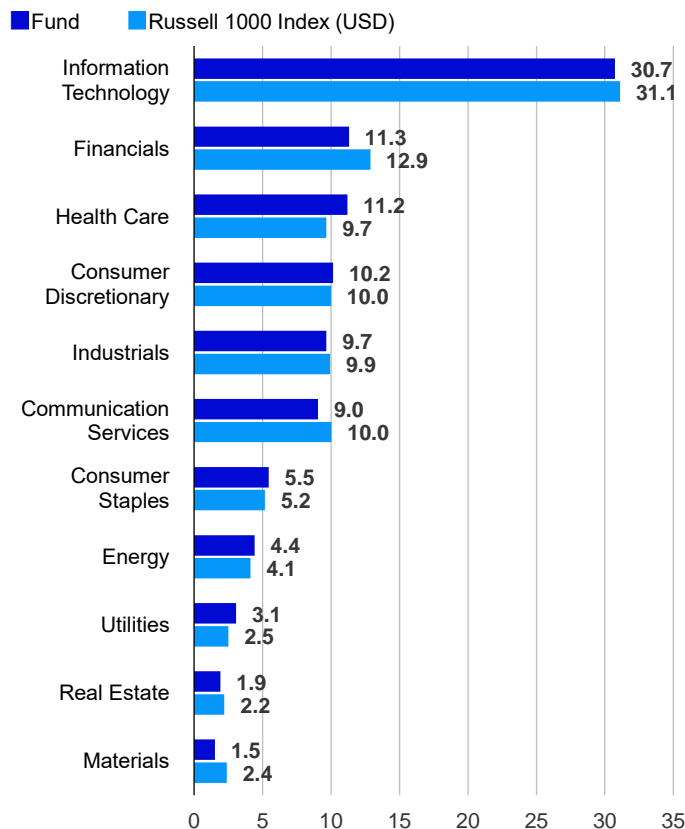
KKR was sold to reduce exposure to private credit risk, with proceeds redirected to alternatives in the financials sector that we consider more compelling.

Raymond James was sold due to disappointing execution, weaker-than-expected investment banking results and higher expenses. We redirected the capital to more attractive opportunities in the financials sector.

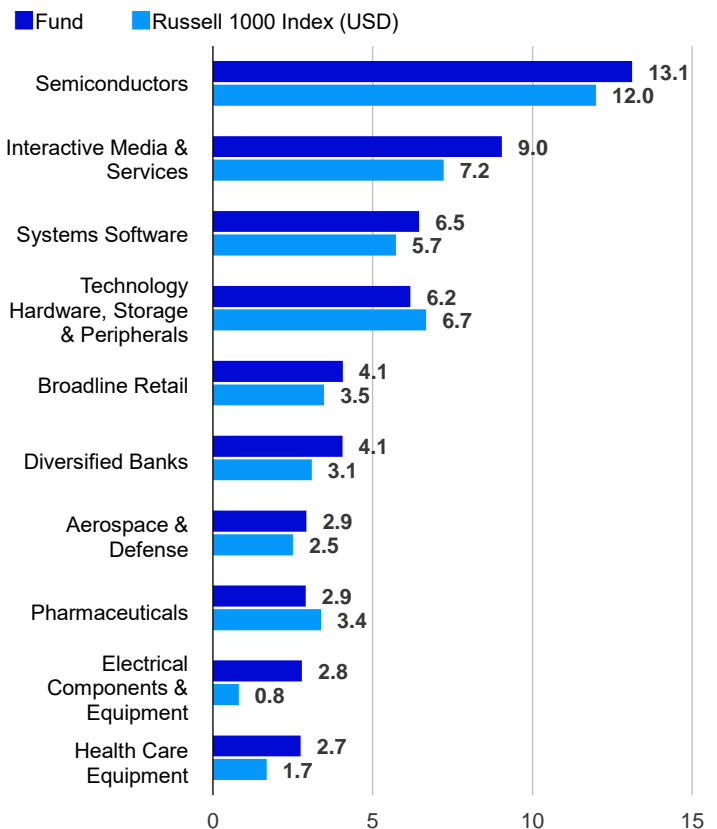
Salesforce was sold as competitive pressures and a rapidly evolving landscape for enterprise software have increased uncertainty about the durability of growth. Despite solid execution, we see more compelling opportunities within IT.

Synopsys was sold because valuation and industry dynamics have in our view reduced near-term return potential.

Sector breakdown (% of total market value)



Top industries (% of total market value)



Top contributors (%)

Issuer	Return	Total effect
Chevron Corporation	37.09	0.39
ConocoPhillips	42.08	0.32
ASML Holding NV	23.60	0.32
Cheniere Energy, Inc.	46.35	0.21
Cboe Global Markets, Inc.	12.25	0.18

Top detractors (%)

Issuer	Return	Total effect
Exxon Mobil Corporation	0.00	-0.37
Microsoft Corporation	-23.28	-0.32
Intuit Inc.	-34.61	-0.28
Boston Scientific Corporation	-34.19	-0.26
Estee Lauder Companies Inc.	-29.96	-0.25

Performance highlights

The fund's Class A shares at net asset value (NAV) returned -6.61% for the quarter, underperforming the Russell 1000 Index, which returned -4.18%. Underperformance mainly resulted from stock selection in the health care, industrials and consumer staples sectors. Stronger stock selection in consumer discretionary and real estate sectors partially offset these results.

Contributors to performance

Chevron outperformed during the quarter as geopolitical tensions and supply disruptions drove higher oil and gas prices, lifting earnings expectations.

ConocoPhillips also benefited from higher oil and gas prices during the quarter.

ASML shares were supported by a notably strong outlook, underpinned by solid fourth quarter 2025 results. Customer orders exceeded expectations, providing in our view clear evidence that leading foundry and memory customers have been committing to additional capacity. We believe ASML remains a critical supplier within the semiconductor manufacturing supply chain.

Detractors from performance

Microsoft shares fell as ongoing supply constraints appeared to weigh on the acceleration of Azure growth. Cloud customer demand has continued to outstrip available capacity, and Microsoft has continued to allocate additional GPU (graphics processing unit) and CPU (central processing unit) resources toward its own applications and AI development. Shares also appeared to face broader headwinds from investor skepticism toward enterprise software valuations.

Intuit underperformed amid apparently increased investor concerns about potential for large language models to disrupt application software, despite the company's efforts to mitigate these risks through partnerships with Anthropic and OpenAI (not fund holdings).

Boston Scientific underperformed as management's first quarter guidance was below apparent investor expectations, outweighing strong fourth quarter results, which led to negative market reaction despite a favorable full year outlook.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/26/68	NAV	-6.61	-6.61	13.33	15.85	9.33	10.49	10.58
	Max. Load 5.5%	-11.73	-11.73	7.09	13.68	8.10	9.87	10.47
Class R6 shares inception: 09/24/12	NAV	-6.53	-6.53	13.70	16.24	9.71	10.89	10.40
Class Y shares inception: 10/03/08	NAV	-6.52	-6.52	13.69	16.15	9.61	10.77	9.71
Russell 1000 Index (USD)		-4.18	-4.18	17.74	18.14	11.34	13.97	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	72% (936 of 1315)	63% (760 of 1215)	72% (817 of 1127)	91% (815 of 891)	-

Expense ratios per the current prospectus: Class A: Net: 1.01%, Total: 1.01%; Class R6: Net: 0.68%, Total: 0.68%; Class Y: Net: 0.76%, Total: 0.76%.

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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	10.32	13.25	-9.65	29.01	13.50	27.40	-20.72	23.04	25.29	15.94
Class R6 shares at NAV	10.81	13.70	-9.35	29.57	13.91	27.80	-20.44	23.51	25.66	16.30
Class Y shares at NAV	10.56	13.57	-9.47	29.37	13.78	27.69	-20.50	23.36	25.54	16.23
Russell 1000 Index (USD)	12.05	21.69	-4.78	31.43	20.96	26.45	-19.13	26.53	24.51	17.37

Portfolio characteristics*

	Fund	Index
No. of holdings	69	1,006
Top 10 issuers (% of AUM)	41.94	33.65
Wtd. avg. mkt. cap (\$M)	1,283,892	1,132,035
Price/earnings	25.49	24.08
Price to book	5.51	4.76
Est. 3 – 5 year EPS growth (%)	15.65	15.17
ROE (%)	23.37	22.72
Long-term debt to capital (%)	35.98	35.46
Operating margin (%)	28.88	26.86

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.46	0.00
Beta	0.95	1.00
Sharpe ratio	0.40	0.51
Information ratio	-0.88	0.00
Standard dev. (%)	14.79	15.45
Tracking error (%)	2.27	0.00
Up capture (%)	84.98	100.00
Down capture (%)	97.84	100.00
Max. drawdown (%)	26.07	24.59

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	0.01	-0.21	-0.20
Consumer Discretionary	-0.03	0.52	0.49
Consumer Staples	0.06	-0.48	-0.41
Energy	0.02	0.05	0.06
Financials	-0.01	-0.13	-0.14
Health Care	-0.01	-0.77	-0.77
Industrials	-0.08	-0.50	-0.58
Information Technology	0.03	-0.45	-0.42
Materials	-0.05	-0.27	-0.33
Other	0.00	0.00	0.00
Real Estate	-0.01	0.14	0.13
Utilities	0.04	-0.15	-0.11
Cash	0.07	0.00	0.07
Total	0.03	-2.24	-2.20

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 03/31/26. Unless stated otherwise, Index refers to Russell 1000 Index (USD).

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

The Russell 1000® Index is an unmanaged index considered representative of large-cap stocks. The Russell 1000 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

Holding cash or cash equivalents may negatively affect performance.

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.

The risks of investing in securities of foreign issuers can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Growth stocks tend to be more sensitive to changes in their earnings and can be more volatile.

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 investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

Stocks of small and medium-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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.