

# Invesco Charter Fund

## Q4 2025

## Key takeaways

**1 The fund underperformed its benchmark**  
Underperformance mainly resulted from stock selection in the information technology (IT), health care and industrials sectors. Stronger stock selection in the communication services, financials 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 rose**  
Despite renewed volatility and economic crosscurrents, US equities advanced during the quarter supported by strong corporate earnings and US Federal Reserve (Fed) interest rate cuts. The Russell 1000 Index returned 2.41%, led by the health care and communication services sectors.

### Investment objective

The fund seeks long-term growth of capital.

### Fund facts

Fund AUM (\$M) 3,685.13

### Portfolio managers

Belinda Cavazos, Benjamin Ram, Magnus Krantz

## Manager perspective and outlook

- US equities advanced in the fourth quarter despite renewed volatility amid economic crosscurrents and seemingly mixed investor sentiment toward artificial intelligence (AI) valuations.
- The US government shutdown appeared to weigh on confidence as key economic data releases were delayed. Once released, the initial third quarter GDP estimate showed robust 4.3% growth.
- Labor market conditions softened as November's jobs report showed weaker non-farm payrolls and unemployment rose to 4.6%, a four-year high. Consumer spending remained resilient but showed strain among lower income households.
- Inflation moderated but November's 2.7% headline CPI remained above the Fed's 2% target.
- The Fed cut the federal funds rate twice during the quarter, signaling a cautious shift toward easing while emphasizing its commitment to balance inflation pressures with growing labor market risks.
- Despite the mid-quarter volatility spike, strong corporate earnings and Fed interest rate cuts fueled equity gains. The Russell 1000 Index returned 2.41%, while the S&P 500 Index returned 2.66%.
- 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	7.97	6.96
Microsoft Corp	7.44	5.72
Alphabet Inc	6.90	5.27
Apple Inc	5.82	6.32
Amazon.com Inc	4.42	3.53
Broadcom Inc	3.11	2.55
Meta Platforms Inc	2.95	2.30
JPMorgan Chase & Co	2.77	1.40
Eli Lilly & Co	2.06	1.37
Wells Fargo & Co	1.70	0.47

As of 12/31/25. 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 that we believe 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. At quarter end, the fund's largest overweight was the consumer staples sector and the largest underweight was the consumer discretionary sector.

The largest additions during the quarter included the following:

**Abbot Labs** is a diversified leader in medical technology. The company's focus on innovation, an improving product mix and cost discipline should in our view support profit margin expansion, while the stock has been trading at a reasonable valuation, in our view.

**Medline** has delivered more than 20 consecutive years of top-line revenue growth as a vertically integrated platform for medical supplies.

**ARM** is a leading semiconductor intellectual property (IP) provider. Its chip designs are widely used in custom silicon for data centers and edge devices, and we believe its strategic partnerships with leading AI companies position it to benefit from increasing demand for AI computing.

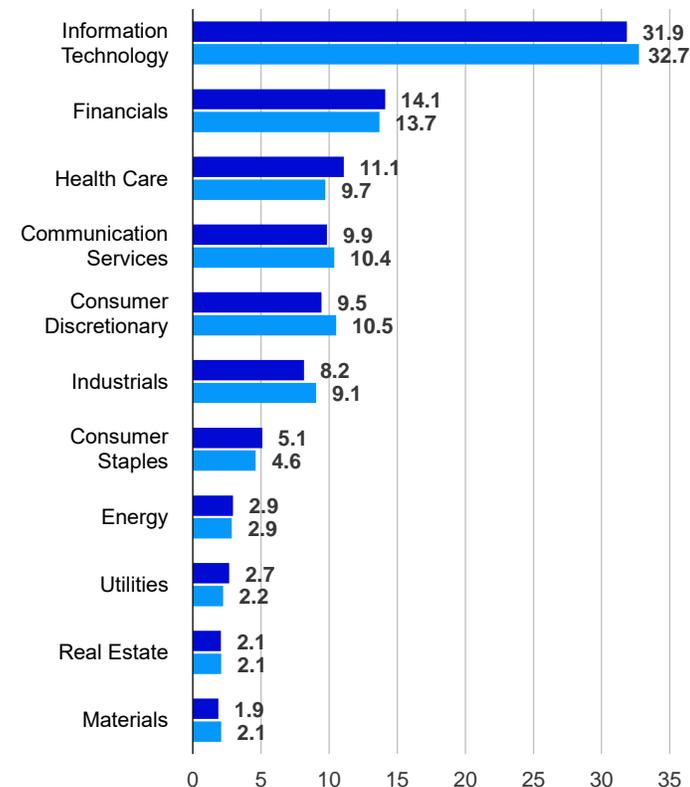
The largest positions sold during the quarter included the following companies:

**Oracle's** business has become increasingly capital intensive to support data center build-outs, and significant exposures to key AI partners like OpenAI add downside uncertainty, in our view. We sold the position to manage risks and reallocate capital to alternatives we believe have more attractive risk/reward profiles.

**BellRing Brands**, which sells Premier Protein products, has faced rising competitive headwinds. Increased distribution of Coca-Cola's Fairlife brand and the entrance of other market players have pressured BellRing's market share, creating in our view potential challenges for the company's future growth trajectory.

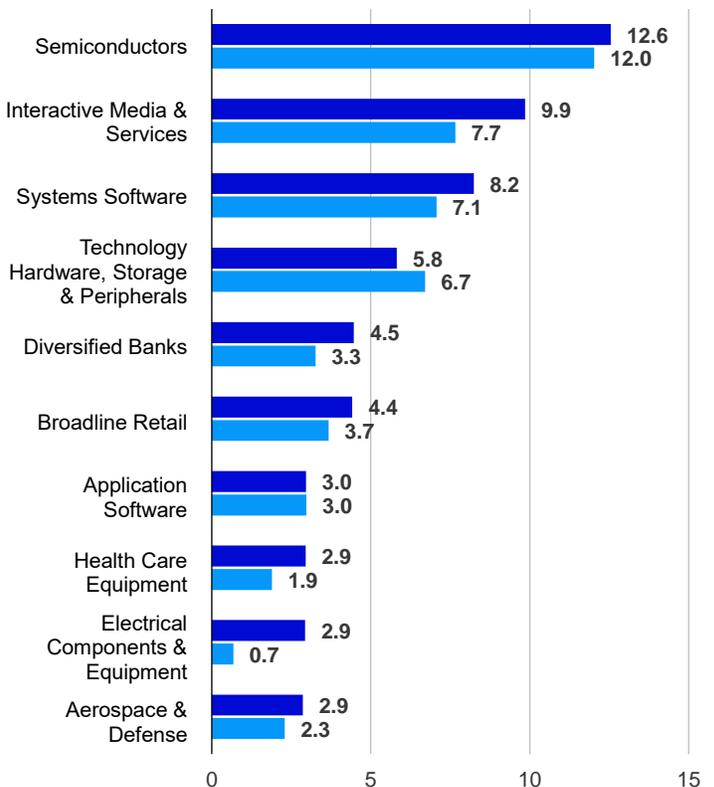
## Sector breakdown (% of total market value)

■ Fund ■ Russell 1000 Index (USD)



## Top industries (% of total market value)

■ Fund ■ Russell 1000 Index (USD)



## Top contributors (%)

Issuer	Return	Total effect
Alphabet Inc.	28.84	0.47
Eli Lilly and Company	41.06	0.21
Netflix, Inc.	0.00	0.20
Estee Lauder Companies Inc.	19.28	0.13
Home Depot, Inc.	0.00	0.11

## Top detractors (%)

Issuer	Return	Total effect
Micron Technology, Inc.	0.00	-0.21
Oracle Corporation	-35.88	-0.21
Arm Holdings plc	-34.45	-0.20
Uber Technologies, Inc.	-16.60	-0.19
BellRing Brands, Inc.	-29.52	-0.16

## Performance highlights

The fund's Class A shares at net asset value (NAV) returned 2.00% for the quarter, underperforming the Russell 1000 Index, which returned 2.41%. Underperformance mainly resulted from stock selection in the IT, health care and industrials sectors. Stronger stock selection in communication services, financials and real estate sectors partially offset these results.

### Contributors to performance

**Alphabet** outperformed after reporting strong quarterly results. Revenue growth accelerated across Search, YouTube and Google Cloud – all exceeding expectations. Shares seemed to benefit from investor enthusiasm around Alphabet's AI leadership, while its Waymo division continued to strengthen its competitive edge in autonomous ride-hailing.

**Eli Lilly** delivered strong quarterly results and management raised guidance, driven by continued momentum of its GLP-1 obesity drug franchise. Investor sentiment appeared further buoyed by favorable US policy developments, including pricing agreements, new drug approvals and expanded coverage for obesity treatments.

**Estee Lauder** outperformed as signs of recovery seemed to emerge in the US and

Chinese beauty markets. Supported by strong execution and holiday season demand, the company reported positive organic sales growth and expanded its profit margin.

### Detractors from performance

**Oracle** underperformed after reporting quarterly results that fell short of expectations across several areas. Revenue was below forecasts, growth in future commitments was limited, and spending was higher than anticipated, seemingly leaving investors concerned about funding for its planned deal with OpenAI.

**ARM** underperformed despite reporting better-than-expected results, as investors appeared cautious about potential near-term impacts from the company's evolving business model, which has been moving deeper into custom silicon for customers.

**Uber** shares fell amid concerns that autonomous driving players like Waymo and Tesla could threaten its long-term position. Despite these fears, Uber has continued to grow rapidly in rideshare and delivery, has generated strong cash flow and has been investing in partnerships and technology in an effort to remain a key player in the evolving transportation landscape.

## Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 11/26/68	NAV	2.01	15.94	15.94	21.36	12.54	11.55	10.76
	<b>Max. Load 5.5%</b>	-3.62	9.57	9.57	19.10	11.27	10.92	10.65
Class R6 shares inception: 09/24/12	NAV	2.06	16.30	16.30	21.76	12.92	11.96	11.17
Class Y shares inception: 10/03/08	NAV	2.06	16.23	16.23	21.65	12.82	11.82	10.28
Russell 1000 Index (USD)		2.41	17.37	17.37	22.74	13.59	14.59	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	56% (720 of 1317)	51% (626 of 1213)	61% (681 of 1127)	86% (768 of 885)	-

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. Performance includes litigation proceeds. Had these proceeds not been received, total return would have been lower. 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	68	1,011
Top 10 issuers (% of AUM)	45.15	36.16
Wtd. avg. mkt. cap (\$M)	1,499,318	1,317,398
Price/earnings	27.66	26.27
Price to book	5.54	5.09
Est. 3 – 5 year EPS growth (%)	16.52	15.70
ROE (%)	29.22	23.22
Long-term debt to capital (%)	37.09	35.84
Operating margin (%)	28.27	26.97

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-0.42	0.00
Beta	0.94	1.00
Sharpe ratio	0.64	0.68
Information ratio	-0.44	0.00
Standard dev. (%)	14.59	15.29
Tracking error (%)	2.37	0.00
Up capture (%)	87.45	100.00
Down capture (%)	95.51	100.00
Max. drawdown (%)	26.07	24.59

### Quarterly performance attribution

#### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Communication Services	-0.02	0.83	0.81
Consumer Discretionary	0.01	0.01	0.03
Consumer Staples	-0.03	0.06	0.03
Energy	0.00	-0.17	-0.17
Financials	0.00	0.25	0.25
Health Care	0.02	-0.25	-0.23
Industrials	0.01	-0.23	-0.22
Information Technology	-0.03	-0.97	-1.00
Materials	-0.02	0.12	0.10
Other	0.00	0.00	0.00
Real Estate	0.00	0.11	0.12
Utilities	-0.02	0.02	0.00
Cash	-0.03	0.00	-0.03
<b>Total</b>	<b>-0.09</b>	<b>-0.21</b>	<b>-0.30</b>

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 12/31/25. 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.

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#### 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.

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#### 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.**