Invesco Charter Fund

Q2 2024

Key takeaways

1 The fund outperformed its benchmark
Outperformance mainly resulted from stock selection in the information technology (IT), health care and financials sectors. Weaker stock selection in the communication services, 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 S&P 500 Index delivered solid gains
The S&P 500 Index returned 4.28% in the second quarter as larger cap growth stocks, mainly related to Artificial Intelligence (AI), rallied while other market segments declined. IT, communication services and utilities had gains; most other sectors were flat or negative.

Investment objective
The fund seeks long-term growth of capital.

Fund facts

Fund AUM ($M)	3,392.39

Portfolio managers
Belinda Cavazos, Benjamin Ram, Magnus Krantz

Manager perspective and outlook

- Equity performance diverged in the second quarter as stocks related to AI continued to rally, while other market segments declined. The S&P 500 Index returned 4.28% with IT, communication services and utilities delivering gains while most other sectors were flat or negative. Materials, industrials and energy had the lowest returns for the quarter.
- Stubbornly high inflation sent stocks broadly lower in April amid worries the US Federal Reserve (Fed) might be forced to keep interest rates higher for longer. However, in May and June, stocks rallied in response to evidence of cooling inflation. Consumer Price Index (CPI) and Gross Domestic Product (GDP) data both came in below expectations, suggesting to us the US economy was finally slowing. Nonfarm payrolls also appeared to moderate and the unemployment rate was largely unchanged at 4.0%. As expected, the Fed's June meeting produced no change to the federal funds rate, and meeting minutes suggested the committee anticipates just one rate cut in 2024 as inflation has remained higher than its 2% target.
- Regardless of market sentiment and near-term economic trends, our investment process favors better-managed companies with strong balance sheets and competitive positioning. We seek to outperform through stock selection while minimizing any top-down macro, factor and sector exposures relative to the index.

For more information, including prospectus and factsheet, please visit Invesco.com/CHTRX

Top issuers

(% of total net assets)

	Fund	Index
Microsoft Corp	8.39	6.70
NVIDIA Corp	7.44	5.91
Amazon.com Inc	5.20	3.51
Apple Inc	5.08	6.19
Alphabet Inc	3.81	4.03
Meta Platforms Inc	3.11	2.25
JPMorgan Chase & Co	2.82	1.18
Eli Lilly & Co	2.30	1.54
Procter & Gamble Co/The	2.04	0.78
Chevron Corp	1.88	0.54

As of 06/30/24. Holdings are subject to change and are not buy/sell recommendations.

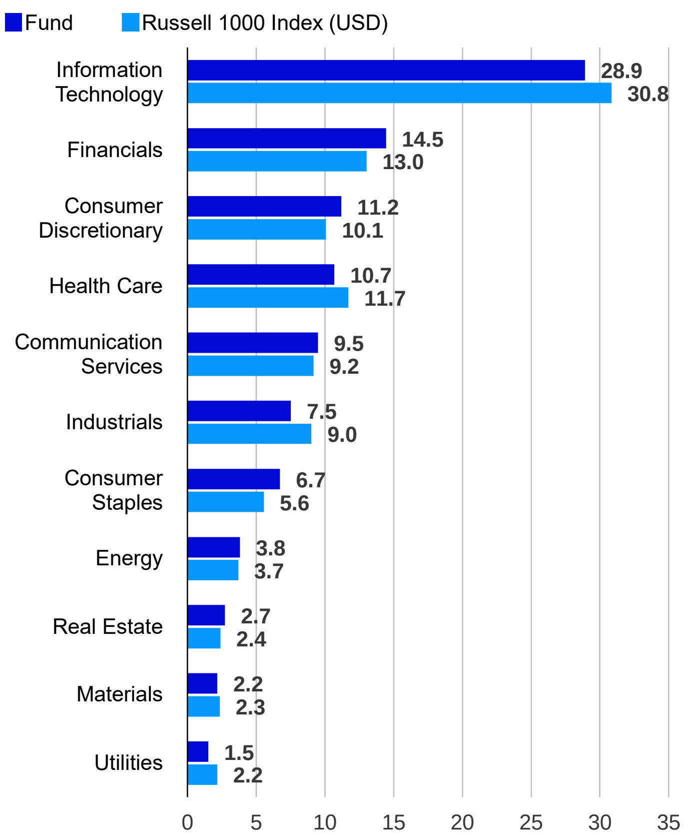
Portfolio positioning

We maintain our valuation discipline and our focus on companies with competitive advantages and skilled management teams that we believe are executing better than their peers. These companies historically tend to have higher profit margins and returns on invested capital, rising market shares and consistently strong pricing power. As of quarter end, all sector weights were within +/- 3% of the Russell 1000 Index.

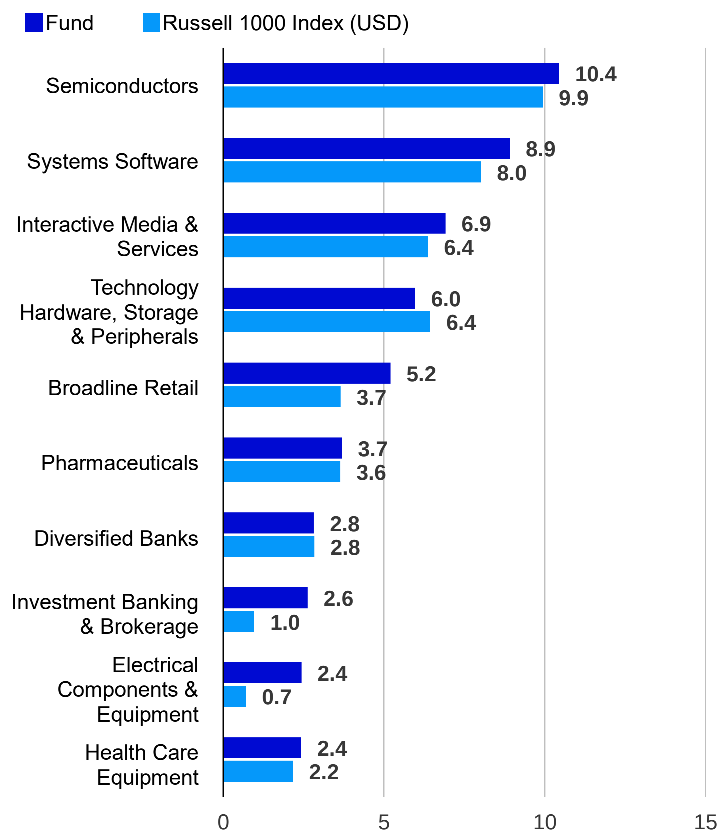
The largest additions to the fund during the quarter included the following companies:
Sanofi is a leading pharmaceutical and health care company that has benefited from a strong demand pipeline and an attractive pricing outlook for its products.
PPL is in our view a well-positioned utility with a healthy balance sheet relative to its peers and stands to benefit from data center growth in its service area.
MongoDB is a next generation provider for AI-driven databases, and we expect the company to evolve into a tollkeeper in that space over time.

The largest positions sold during the quarter included the following companies:
Autodesk has faced scrutiny about its accounting practices. We sold it to invest in other stocks in the IT sector that we believe have better risk-reward profiles.
WEC Energy faces uncertainty about upcoming court decisions that could affect rates and disallow already incurred capital expenditures. We sold the company in favor of other utilities companies.
Gilead Sciences was sold because of increased competition in its products and disappointing trial data for its lung cancer drug, Trodelvy.
Amdocs has seen its organic growth stall as some discretionary projects have been delayed and key clients appear to have kept their budgets tight.
Tesla involves substantial near-term risks related to global demand and trade challenges. Meanwhile, upcoming new products may have lower gross profit margins and potential future revenue sources like robotaxi services may take years to develop.

Sector breakdown (% of total net assets)



Top industries (% of total net assets)



Top contributors (%)

Issuer	Return	Total effect
NVIDIA Corporation	36.74	0.57
Dell Technologies Inc.	21.32	0.16
Intel Corporation	0.00	0.13
Berkshire Hathaway Inc.	0.00	0.11
Applied Materials, Inc.	14.64	0.11

Top detractors (%)

Issuer	Return	Total effect
Zimmer Biomet Holdings, Inc.	-17.59	-0.30
MongoDB, Inc.	-31.11	-0.24
LKQ Corporation	-21.60	-0.24
Lowe's Companies, Inc.	-13.05	-0.22
Prologis, Inc.	-13.01	-0.22

Performance highlights

The fund’s Class A shares at net asset value (NAV) returned 3.65% for the quarter, outperforming the Russell 1000 Index, which returned 3.57%. The fund’s outperformance mainly resulted from stock selection in IT, health care and financials. Weaker stock selection in communication services, consumer discretionary and real estate partially offset these results.

Contributors to performance

NVIDIA reported another strong quarter and commented that AI-related demand should remain durable for the foreseeable future given the backlog of existing products and upcoming launches of new products.

Dell Technologies outperformed as it has had rapid growth in its AI server business due to continued demand for AI-optimized servers. Dell is in our view well-positioned to benefit from continued growth, including from its large enterprise customer base. Dell has reported a strong order backlog and AI leaders like NVIDIA have confirmed sustained GPU (graphics processing unit) demand.

Applied Materials continued to see solid demand and provided a positive outlook as China-related concerns appear to have eased. Semiconductor end-market spending appears to have bottomed, and investors appear to be now looking for a resumption in wafer fab equipment spending, potentially leading to a resumption in revenue and earnings-per-share (EPS) growth.

Detractors from performance

Zimmer Biomet reported first quarter earnings that exceeded analysts’ expectations, but investors appeared disappointed with results in its core business of hip and knee replacements. The company also announced a distribution agreement for a miniature robotic system used in ambulatory surgery centers, which some investors appeared to view as moving away from its existing robotic platform.

MongoDB reported disappointing results as both new customer additions and growth within its installed base had slower starts for its fiscal year. The pressure appeared to be macroeconomic related, similar to commentary from multiple software vendors.

LKQ, a leading auto parts distributor, underperformed as a period of lower collision volumes affected revenue and earnings, while the company also dealt with elevated costs due to a German labor strike that required workarounds to serve customers.

Standardized performance (%) as of June 30, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 11/26/68	NAV	3.65	15.25	21.16	7.27	12.19	8.25	10.61
	Max. Load 5.5%	-2.05	8.90	14.49	5.27	10.92	7.63	10.50
Class R6 shares inception: 09/24/12	NAV	3.68	15.36	21.54	7.61	12.57	8.66	10.44
Class Y shares inception: 10/03/08	NAV	3.69	15.35	21.45	7.53	12.47	8.52	9.67
Russell 1000 Index (USD)		3.57	14.24	23.88	8.74	14.61	12.51	-
Total return ranking vs. Morningstar Large Blend category (Class A shares at NAV)		-	-	63% (937 of 1417)	68% (930 of 1304)	74% (905 of 1197)	95% (853 of 893)	-

Expense ratios per the current prospectus: Class A: Net: 1.03%, Total: 1.03%; Class R6: Net: 0.69%, Total: 0.69%; Class Y: Net: 0.78%, Total: 0.78%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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.

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	7.74	-6.40	10.32	13.25	-9.65	29.01	13.50	27.40	-20.72	23.04
Class R6 shares at NAV	8.20	-6.00	10.81	13.70	-9.35	29.57	13.91	27.80	-20.44	23.51
Class Y shares at NAV	8.05	-6.15	10.56	13.57	-9.47	29.37	13.78	27.69	-20.50	23.36
Russell 1000 Index (USD)	13.24	0.92	12.05	21.69	-4.78	31.43	20.96	26.45	-19.13	26.53

Portfolio characteristics*

	Fund	Index
No. of holdings	67	1,005
Top 10 issuers (% of AUM)	42.08	33.02
Wtd. avg. mkt. cap ($M)	1,024,971	931,313
Price/earnings	23.75	24.73
Price to book	3.95	4.47
Est. 3 – 5 year EPS growth (%)	12.86	15.01
ROE (%)	22.12	23.06
Long-term debt to capital (%)	37.83	38.23
Operating margin (%)	25.81	24.37

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.53	0.00
Beta	0.94	1.00
Sharpe ratio	0.57	0.67
Information ratio	-0.86	0.00
Standard dev. (%)	17.61	18.48
Tracking error (%)	2.80	0.00
Up capture (%)	82.26	100.00
Down capture (%)	97.07	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	-0.30	-0.28
Consumer Discretionary	-0.06	-0.18	-0.24
Consumer Staples	-0.03	0.22	0.19
Energy	0.00	-0.01	-0.01
Financials	-0.06	0.36	0.30
Health Care	0.07	0.25	0.32
Industrials	0.10	-0.26	-0.16
Information Technology	-0.14	0.86	0.72
Materials	0.01	-0.20	-0.19
Real Estate	-0.02	-0.19	-0.21
Utilities	0.00	-0.14	-0.14
Cash	-0.02	0.00	-0.02
Total	**-0.14**	**0.42**	**0.28**

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 06/30/24. 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

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.

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.

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

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

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.