

Invesco Equity and Income Fund

Quarterly Performance Commentary

Mutual Fund Retirement Share Classes
Data as of Sept. 30, 2020



Investment objective

The fund seeks current income and, secondarily, capital appreciation.

Portfolio management

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Fund facts

Nasdaq A: ACEIX Y: ACETX
R: ACESX R6: IEIFX
R5: ACEKX

Total Net Assets \$11,137,241,631
Total Number of Holdings 345

Top equity holdings % of total net assets

Cognizant Technology Solutions 'A'	2.00
Philip Morris	1.97
General Motors	1.95
Morgan Stanley	1.68
Goldman Sachs	1.62
CSX	1.59
General Dynamics	1.50
Johnson Controls	1.49
Wells Fargo	1.46
Anthem	1.44

Top contributors % of total net assets

1. Qualcomm	1.39
2. Apple	0.69
3. Trane Technologies	1.11
4. Cognizant Technology Solutions 'A'	2.00
5. General Motors	1.95

Top detractors % of total net assets

1. Citi	1.14
2. Chevron	1.13
3. Vodafone	0.93
4. FirstEnergy	0.51
5. Intel	0.86

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

+ Despite a September selloff, US equity markets posted gains in the third quarter as the US Federal Reserve extended its emergency stimulus programs and changed its inflation target policy, both of which supported equities. Activity was better than expected across many areas of the economy. The unemployment rate fell to 7.9% in September, down from 11.1% in June, showing that the job market was rebounding more quickly than anticipated. Data for both manufacturing and services indicated expansion, a reversal from

significant declines earlier in the year. Corporate earnings were also better than anticipated and a gradual decline in new COVID-19 infections in many regions, combined with optimism about progress on a coronavirus vaccine, further boosted stocks. The S&P 500 Index returned 8.93% for the quarter. The consumer discretionary sector led the way while energy lagged, and growth stocks again outperformed value stocks.

Positioning and outlook

- + During the quarter, we eliminated several energy holdings and purchased new positions in the financials, real estate, energy and IT sectors.
- + At quarter end, the fund's largest overweights were in IT, health care and financials, while the largest underweights were in utilities, industrials and real estate.
- + Market volatility is likely to continue due to uncertainty about the US Presidential election and potential for increased coronavirus cases in the fall and winter months. As always, we seek to invest in companies with attractive valuations and strong fundamentals, qualities that we believe will ultimately be reflected in those companies' stock prices.

Performance highlights

- + The fund's Class A shares at net asset value (NAV) underperformed the Russell 1000 Value Index during the quarter. (Please see the investment results table on page 2 for fund and index performance.) Nine of 11 sectors within the index had gains, led by consumer discretionary. Energy and information technology (IT) declined.

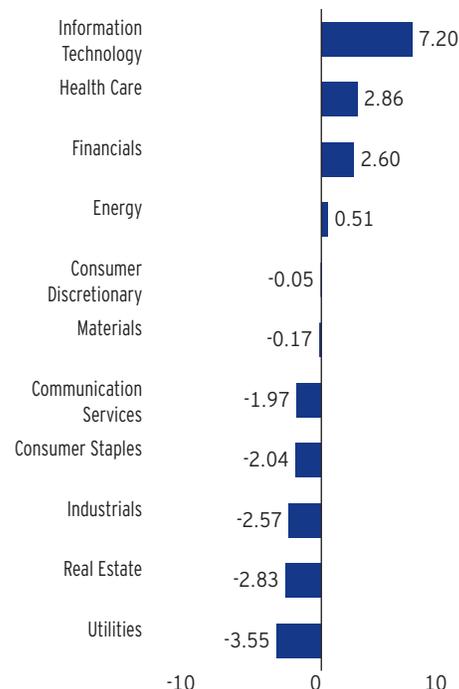
Contributors to performance

- + Given weak performance of the index's IT sector, stock selection in the IT sector had the largest positive effect on relative return. Within the sector, **Qualcomm**, **Apple** and **Cognizant** were key individual contributors. **Cognizant** reported lower revenue due to the pandemic, but earnings were better than anticipated. In July, **Apple** reported a solid second quarter as stronger-than-expected sales in May and June offset April's weakness.
- + Security selection and an underweight in real estate also helped relative return as the sector posted muted gains for the quarter.
- + Security selection in energy also added to relative performance.
- + Consumer discretionary was a slight detractor from relative return, but **General Motors** was one of the fund's largest absolute contributors. The company reported solid earnings despite the pandemic's effect on auto production and sales. Investor optimism about **GM's** investment in an electric truck manufacturing startup also boosted shares.

Detractors from performance

- + Stock selection in financials was the largest detractor from relative return, primarily due to **Citigroup** whose shares declined in response to the challenges of COVID-19 and the Fed's revised inflation targets and lower interest rates.
- + Security selection in utilities and health care also detracted from relative return. Lack of exposure to some better performing health care stocks was disadvantageous.
- + The largest individual detractor within utilities was **FirstEnergy**. Shares fell sharply in July after the announcement of a bribery investigation connected to Ohio energy legislation. **FirstEnergy** was not explicitly named but was presumed to be related to the alleged events.
- + The fund's exposure to high grade fixed income and convertible securities also detracted from relative performance. Though the fund's high-grade bonds and convertibles had positive returns, they lagged the index for the quarter.

The fund's positioning versus the Russell 1000 Value Index (% underweight/overweight)



The fund's positioning against the index is based on the equity weightings of the fund.

Valuation statistics	fund	index
12-Month Forward P/E	12.36	16.81
12-Month Trailing P/E	16.44	18.91
Price/Book (Wtd. Har. Avg.)	1.48	2.17
1-Year ROE (Wtd. Avg.)	15.41	16.16
12-Month Fwd. Growth Rate (Wtd. Avg.) (%)	13.49	10.22
3-Year EPS Growth Rate (Wtd. Avg.) (%)	10.28	12.69
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	8.45	9.45
Weighted Average Market Cap (\$MM)	92,196	122,161
Weighted Median Market Cap (\$MM)	46,712	65,092

Source: FactSet Research Systems Inc.

Investment results

Average annual total returns (%) as of Sept. 30, 2020

	Class A Shares	Class Y Shares	Class R Shares	Class R6 Shares	Class R5 Shares	Broad-Based Index
Inception:	08/03/60	12/22/04	10/01/02	09/24/12	06/01/10	Russell 1000 Value Index
Period	NAV	NAV	NAV	NAV	NAV	Index
Inception	9.82	6.36	7.10	-	8.39	-
10 Years	7.71	7.98	7.45	8.06	8.07	9.95
5 Years	6.14	6.41	5.87	6.56	6.48	7.66
3 Years	1.89	2.15	1.63	2.30	2.22	2.63
1 Year	-0.45	-0.19	-0.70	-0.03	-0.11	-5.03
Quarter	3.75	3.82	3.67	3.86	3.84	5.59

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit 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, and you may have a gain or a loss when you sell shares. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R shares have no sales charge; therefore, performance is at NAV. Class R5 shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Performance shown prior to the inception date of Class R6 shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class R6 shares have no sales charge; therefore, performance is at NAV. 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. Index returns do not reflect any fees, expenses, or sales charges. Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	0.79	0.80	Dom Common Stock	59.15
Class Y Shares	0.54	0.55	Intl Common Stock	5.90
Class R Shares	1.04	1.05	Dom Corp Bonds	13.07
Class R6 Shares	0.39	0.40	Intl Corp Bonds	2.66
Class R5 Shares	0.48	0.49	Dom Convert Bonds	9.01
Per the current prospectus			Intl Convert Bonds	1.11
Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2021. See current prospectus for more information.			Dom Convert Prfd	0.57
			Dom Gov Bonds	6.08
			Dom Preferred Stock	0.03
			Cash	2.64
			Other	-0.22

A negative in Cash or Other, as of the date shown, is normally due to fund activity that has accrued or is pending settlement.

For more information you can visit us at www.invesco.com/us

Class A shares at NAV and Class Y shares are available only to certain investors. Class R shares are generally available only to employee benefit plans. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information. Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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.

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. Russell® is a trademark of the Frank Russell Co. An investment cannot be made directly in an index.

The S&P 500® Index is an unmanaged index considered representative of the US stock market. An investment cannot be made directly in an index.

12-month forward and trailing P/E are calculated using weighted harmonic averaging, which helps avoid extreme results that may occur due to small relative numbers in the denominator. It doesn't exclude extreme values; instead, it reduces the effect of outliers on the aggregate calculation. The **price/book ratio** is the market price of a stock divided by the book value per share. **Return on equity (ROE)** is net income divided by net worth. The **median 12-Month Fwd. Growth Rate** is the percent change between the next twelve months' mean EPS estimate and the previous twelve months' actuals. The **three-year EPS growth rate** is a weighted average of each stock's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. The **five-year dividend growth rate** is the weighted average of each stock's annualized percentage rate of growth in dividend yield over five years. The three-year EPS and five-year dividend growth rates are not forecasts of fund performance.

About risk

Convertible securities may be affected by market interest rates, the risk of issuer default, the value of the underlying stock or the issuer's right to buy back the convertible securities.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

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.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

Preferred securities may include provisions that permit the issuer to defer or omit distributions for a certain period of time, and reporting the distribution for tax purposes may be required, even though the income may not have been received. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.

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

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 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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.