



# Invesco Diversified Dividend Fund

Large-cap value

Data as of Dec. 31, 2011

## Investment objective and strategy

The fund seeks long-term growth of capital and, secondarily, current income by employing a total return approach, emphasizing capital appreciation, current income and principal preservation. The fund may act as a conservative cornerstone within a diversified portfolio.

## Portfolio management

Meggan M. Walsh, Jonathan Harrington

## How does the fund fit into your portfolio?

- **A conservative cornerstone within a diversified portfolio.** The fund seeks to add value with less risk than the benchmark over a full market cycle.
- **A total return approach.** The investment team emphasizes capital appreciation, current income and capital preservation, which may provide a well-balanced foundation for a diversified portfolio.
- **Low-risk profile.** The strategy's historically below-market-average beta and volatility may reduce the risk profile of a diversified portfolio and complement more aggressive investments.

## Investment Results

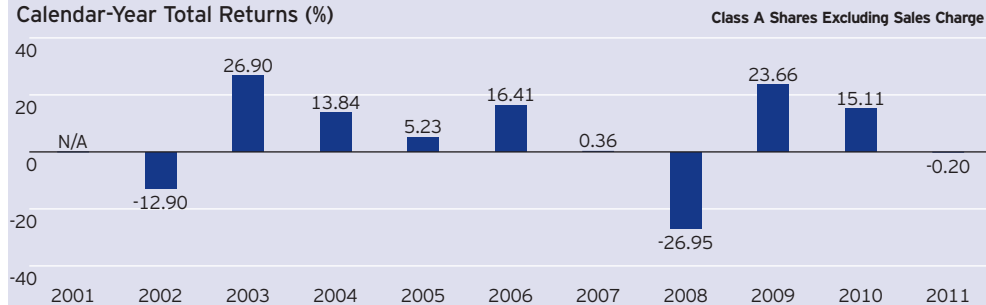
### Average Annual Total Returns (%) as of Dec. 31, 2011

Period	Class A Shares Inception: 12/31/01		Class C Shares Inception: 12/31/01		Investor Class Shares Inception: 07/15/05	Class Y Shares Inception: 10/03/08	Style-Specific Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	Russell 1000 Index
Inception	4.26	4.85	4.12	4.12	-	-	-
10 Years	4.26	4.85	4.12	4.12	4.90	4.94	3.34
5 Years	-0.31	0.82	0.08	0.08	0.89	1.00	-0.02
3 Years	10.33	12.42	11.56	11.56	12.47	12.72	14.81
1 Year	-5.66	-0.20	-1.95	-0.98	-0.21	-0.03	1.50
Quarter	4.31	10.41	9.22	10.22	10.44	10.47	11.84

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](http://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. No contingent deferred sales charge (CDSC) will be imposed on redemptions of Class C shares following one year from the date shares were purchased. Performance shown at NAV does not include applicable CDSC or front-end sales charges, which would have reduced the performance. Investor Class shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Investor Class shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class A share performance reflects any applicable fee waivers or expense reimbursements. Class Y shares have no sales charge; therefore, performance is at NAV. Performance shown prior to the inception date of Class Y shares is that of Class A shares and includes the 12b-1 fees applicable to Class A shares. Class A share performance reflects any applicable fee waivers or expense reimbursements. Had fees not been waived and/or expenses reimbursed currently or in the past, returns would have been lower. Returns less than one year are cumulative; all others are annualized.

Index source: Lipper Inc.

## Calendar-Year Total Returns (%)



Inception year is 2001.

## About risk

The fund may own convertible securities, the value of which may be affected by market interest rates, the risk that the issuer will default, the value of the underlying stock or the right of the issuer to buy back the convertible securities.

The issuer of instruments in which the fund invests 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.

The fund's foreign investments may be affected by changes in the foreign country's exchange rates; political and social instability; changes in economic or taxation policies; difficulties when enforcing obligations; decreased liquidity; and increased volatility. Foreign companies may be subject to less regulation resulting in less publicly available information about the companies.

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

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

## Fund Facts

Nasdaq	A: LCEAX C: LCEVX Investor: LCEIX Y: LCEYX R: DDFRX I: DDFIX
Total Net Assets	\$4,190,087,562
Total Number of Holdings	75
Annual Turnover (as of 10/31/11)	20%

## Top Equity Holdings

	% of Total Net Assets
General Mills Inc.	3.11
Kimberly-Clark Corp.	2.98
SunTrust Banks Inc.	2.23
Heineken NV	2.23
Procter & Gamble Co.	2.21
General Dynamics Corp.	2.21
Automatic Data Processing Inc.	2.14
Raytheon Co.	2.10
Exelon Corp.	2.02
Johnson & Johnson	2.01

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

## Top Industries

Packaged Foods & Meats	7.57
Regional Banks	7.03
Electric Utilities	5.93
Household Products	5.20
Pharmaceuticals	4.83
Aerospace & Defense	4.30
Multitiilities	3.28
Industrial Machinery	3.05
Health Care Equipment	2.96
Life & Health Insurance	2.82

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

## Expense Ratios

	% Net	% Total
Class A Shares	0.95	0.99
Class C Shares	1.70	1.74
Investor Class Shares	0.87	0.91
Class Y Shares	0.70	0.74

Per the current prospectus

Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least June 30, 2013. See current prospectus for more information.

## About risk (continued)

An MLP is a public limited partnership. Although the characteristics of MLPs closely resemble a traditional limited partnership, a major difference is that MLPs may trade on a public exchange or in the over-the-counter market. The ability to trade on a public exchange or in the over-the-counter market provides a certain amount of liquidity not found in many limited partnership investments. However, MLP interests may be less liquid than conventional publicly traded securities. The risks of investing in an MLP are similar to those of investing in a partnership and include more flexible governance structures, which could result in less protection for the MLP investor in a corporation. Investors in an MLP would normally not be liable for the debts of the MLP beyond the amount that the investor has contributed but investors may not be shielded to the same extent that a shareholder of a corporation would be. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

Investor Class shares are available only to certain investors. See the prospectus for more information.

Class Y shares are available only to certain investors. See the prospectus for more information.

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.

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.

**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 holding's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. This measurement is not a forecast of the fund's performance. The **five-year dividend growth rate** is the weighted average of each stock holding's annualized percentage rate of growth in dividend yield over five years. This measurement is not a forecast of the fund's performance. **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. **R-squared** (cash adjusted) expresses the proportion of variation in the return of one fund explained by the return of a benchmark. **Tracking error** measures the difference between returns of a portfolio and its benchmark index. 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. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations.

All data provided by Invesco unless otherwise noted.

## External Comparisons Based on Total or Risk-Adjusted Return

### Morningstar Ratings and Rankings and Lipper Rankings

	Class A Shares as of Dec. 31, 2011				
	Overall	1 Year	3 Years	5 Years	10 Years
vs. Morningstar Large Value Category*					
A Shares (Load)	★★★★	N/A	★★★	★★★★	★★★★
A Shares (Load Waived)	★★★★	N/A	★★★★	★★★★	★★★★
Number of Funds in Category	1,127	N/A	1,127	996	571
vs. Morningstar Large Value Category**					
	(541 of 1,258)	43%	(438 of 1,127)	39%	12%
				(121 of 996)	(70 of 571)
vs. Lipper Large-Cap Value Funds Category***					
	(145 of 520)	28%	(107 of 471)	23%	4%
				(13 of 419)	(10 of 251)

\*Source: ©2012 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. **Ratings are based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance, placing more emphasis on the downward variations and rewarding consistent performance.** With-load ratings include the effect of sales charges, loads and redemption fees. Load-waived ratings exclude sales charges, loads and redemption fees, and are only applicable to investors not subject to sales charges. Had fees not been waived and/or expenses reimbursed in the past, the Morningstar rating would have been lower. The overall rating is derived from a weighted average of three-, five- and 10-year rating metrics, as applicable. Ratings are as of the most recent quarter end and are subject to change every month. A fund is eligible for a Morningstar rating three years after inception. The top 10% of funds in a category receive five stars, the next 22.5% four stars, the next 35% three stars, the next 22.5% two stars and the bottom 10% one star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Ratings for other share classes may differ due to different performance characteristics. Past performance does not guarantee future results.

\*\*Source: Morningstar Inc. **Morningstar rankings are based on total return, excluding sales charges and including fees and expenses,** versus all funds in the category tracked by Morningstar.

\*\*\*Source: Lipper Inc. **Lipper fund percentile rankings are based on total returns, excluding sales charges and including fees and expenses,** and are versus all funds in the category tracked by Lipper.

### Portfolio Characteristics: Fund vs. Russell 1000 Index

#### Valuation Statistics

	Fund	Index
12-Month Forward P/E	12.06	12.01
12-Month Trailing P/E	13.82	13.30
Price/Book (Wtd. Avg.)	2.75	3.21
1-Year ROE (Wtd. Avg.)	18.17	21.27
12-Month Fwd. Growth Rate (Median) (%)	7.54	12.37
3-Year EPS Growth Rate (Wtd. Avg.) (%)	4.44	6.74
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	4.44	6.66
Weighted Average Market Cap (\$MM)	40,237	85,107
Weighted Median Market Cap (\$MM)	19,949	37,516
3-Year Standard Deviation	18.67	19.22

Sources: Invesco, Compustat, Thomson Financial, Frank Russell Co., StyleADVISOR

#### Statistics

Fund vs. Index	3 Years	5 Years
Alpha (%)	-1.44	0.66
Beta	0.95	0.91
R-Squared	0.96	0.94
Tracking Error (%)	3.95	4.77
Up Capture (%)	89.46	87.85
Down Capture (%)	97.21	90.08

Source: StyleADVISOR; based on Class A shares

#### Equity Sector Breakdown

Market Sector	% of Total Net Assets	
	Fund	Index
Consumer Staples	22.12	10.49
Financials	19.28	14.15
Consumer Discretionary	11.72	11.54
Utilities	10.49	3.94
Industrials	9.69	10.94
Health Care	7.79	11.77
Information Technology	5.21	18.44
Materials	2.54	3.99
Energy	1.51	11.71
Telecommunication Services	0.97	3.03

Sources: Invesco, Frank Russell Co.

#### Capitalization Breakdown

	% of Equities	
	Fund	Index
Giant	18.49	45.24
Large	53.00	32.24
Mid	24.81	20.65
Small	3.70	1.83
Micro	0.00	0.04

Based on Morningstar capitalization ranges

#### Asset Mix (%)

	at 12/31/11	at 12/31/10
Domestic Common Stk	86.64	86.53
Cash	8.70	7.33
Int'l Common Stk	4.58	6.17
Other	0.08	-0.03

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

## NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Consider the investment objectives, risks, charges and expenses carefully before investing. Please read the prospectus carefully before investing. For this and more complete information about the funds, contact your financial advisor or visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus).

Note: Not all products, materials or services available at all firms. Advisors, please contact your home office.

# Invesco Diversified Dividend Fund

Data as of Dec. 31, 2011

## Performance summary

- The fund's class A shares at net asset value (NAV) delivered a positive return for the fourth quarter, but underperformed the Russell 1000 Index. (Please see the returns table on page 1 for fund and index performance.)
- All sectors within the Russell 1000 Index posted gains during the quarter. More cyclical sectors like energy, materials, industrials and financials were the best performers, while defensive sectors like utilities and consumer staples lagged.
- The financials and consumer discretionary sectors were the largest contributors to fund results.
- The fund's return relative to its benchmark was negatively affected by an overweight position in the underperforming consumer staples sector and an underweight in energy, which led the market in the fourth quarter.

## Contributors to performance

- **Masco Corp.** (1.98% of total net assets), a buildings products company that manufactures and sells a variety of housing-related goods, was a top contributor in the quarter as a variety of housing-related indicators strengthened. For example, pending home sales improved, expected housing starts increased and the percentage of seriously delinquent loans declined. We originally invested in **Masco** in the late stages of the last economic downturn as the housing market's collapse severely affected the company's sales and stock price. Our long-term view was that the company could improve returns by restructuring to reduce costs and at the same time, improve organic growth via market share gains from new product introductions. **Masco** has progressed on its restructuring effort and key businesses such as paints and plumbing have performed nicely, though cabinets and installation continue to lag.
- **International Paper Co.** (1.70% of total net assets), which manufactures paper, packaging and wood products, was another key contributor to the fund's return in the quarter. The stock has performed well as cost cutting efforts and restructuring initiatives have led to consistent margin improvements. Additionally, the company benefited from steady volumes and stable pricing. We originally invested in **International Paper** in late 2010; the company's valuation was attractive after a significant dividend cut and a multi-year portfolio transition. Our view is that **International Paper's** restructuring efforts can pave the way for improved returns over time and the company's cash flows will be used to return capital to shareholders via dividends and share buybacks.

## Detractors from performance

- **Federated Investors Inc.** (1.12% of total net assets) is an investment management firm and a large manager of institutional money markets. During the quarter, worry about possible regulatory changes to money market funds weighed on the company's stock price. We have been active investors in **Federated Investors** in recent years because we think margins will improve as the pressure from fee waivers in the company's money market assets subsides and **Federated** benefits from improved flows into its long-term fixed income and equity assets.
- **SunTrust Banks Inc.** (2.23% of total net assets) declined slightly during the quarter because of concerns about the company's mortgage put-back risk. However, our primary focus is on the **SunTrust's** improving fundamentals, and the company's results year to date have shown net interest margin expansion, declining deposit costs and improving credit performance. We believe the bank is attractively valued, has a solid geographic footprint and an underappreciated deposit franchise.

## Top contributors and detractors

Contributors		Detractors	
	(%) of Total Assets		(%) of Total Assets
1. Masco Corp.	1.98	1. Federated Investors Inc.	1.12
2. International Paper Co.	1.70	2. L'Oreal	0.70
3. Stancorp Financial Group Inc.	1.39	3. SunTrust Banks Inc.	2.23
4. Fifth Third Bancorp	1.67	4. Accor SA	0.48
5. Raytheon Co.	2.10	5. Cullen/Frost Bankers Inc.	0.25

## Positioning and outlook

- The landscape is changing quickly as markets react to slowing economic growth and the impact of Europe's sovereign debt issues. In the past year, we have found more attractive opportunities in stable growers than global cyclicals, as the latter were near peak margins and valuations were less attractive.
- However, some cyclical sectors such as financials have experienced dramatic compression in their valuations. In financials, we have an "offensive" portfolio positioning, where we're biased toward regional banks. Regional bank valuations are broadly attractive, and we believe we've seen an inflection point for book value growth. Although the environment is still uncertain, we believe banks are in a much better position than in 2008/2009. Financials often lead the market into and out of downturns and we have been active investors in the sector.
- At the end of the quarter, the portfolio's largest sector overweights, compared to the Russell 1000 Index, were in the consumer staples, financials and utilities sectors. Primary underweights were in the information technology, energy and health care sectors.
- Overall, we believe companies are in sound shape financially and equity valuations are modestly attractive. Valuation dispersions are narrow within sectors and return correlations are at historic highs. While the breadth of investment opportunities has decreased over the last two years, we believe that investors who remain focused on long-term business fundamentals may do well, particularly with dividend-paying stocks.

Opinions expressed are those of the fund's portfolio management. Holdings are subject to change and are not buy/sell recommendations.