

Invesco Global Real Estate Fund

Q1 2024

Key takeaways

- 1 The fund outperformed its benchmark**
Global REITs underperformed broader equity markets, with more economically sensitive real estate sectors outperforming those with defensive characteristics.
- 2 Exposure is balanced between structural growth and historically more economically sensitive REITs**
Given improvement in economic data, the fund recently added exposure to cyclical REITs that would potentially benefit from economic growth.
- 3 The prospect of easing financial conditions has remained favorable for real estate asset values**
Listed real estate has historically delivered strong returns following the final interest rate cut in a US Federal Reserve (Fed) hiking cycle when investors historically appear attracted to interest rate sensitive sectors.

Investment objective

The fund seeks total return through growth of capital and current income.

Fund facts

Fund AUM (\$M)	166.06
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Portfolio managers

Darin Turner, Grant Jackson, James Cowen, Ping-Ying Wang

Manager perspective and outlook

- Global REITs underperformed broader global equities after delivering near-record performance in the fourth quarter of 2023. Central bank monetary policy has continued to have an outsized effect on REITs and performance was largely driven by changing expectations for interest rate cuts this year.
- Japan and Australia REITs had the highest absolute performance, while Europe, where REITs historically have higher leverage, had the worst absolute returns. Having rallied strongly last year, Europe has remained highly sensitive to rate expectations and the region's negative return reflected tempered expectations for future rate cuts.
- We believe most key economies are likely to show modest growth due to the lagged effect of recent interest rate increases. However, a significant recession appears unlikely in our view.
- Relative to general equities, REITs have historically delivered strong returns after the last Fed rate hike as investor attention historically appears to move to rate sensitive sectors. We believe falling interest rates and modest growth conditions should provide attractive investment opportunities. Listed real estate companies that have favorable cost of capital relative to their private real estate peers and strong operating platforms are most likely we feel to find attractive investment opportunities. Historically, these opportunities have been most common in the industrial, self-storage, health care, billboard and life science sectors.



Top issuers

(% of total net assets)

	Fund	Index
Welltower Inc	5.05	3.13
Extra Space Storage Inc	4.92	1.86
Digital Realty Trust Inc	4.62	2.63
Rexford Industrial Realty Inc	4.19	0.64
UDR Inc	4.18	0.74
Equinix Inc	3.99	4.66
Alexandria Real Estate Equities Inc	3.75	1.35
Host Hotels & Resorts Inc	3.35	0.87
Terreno Realty Corp	2.88	0.34
Healthpeak Properties Inc	2.59	0.80

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

We continue to strike a balance between select structural growth and cyclical property types at what we consider reasonable valuations. Overall, we have worked to position the fund for stable economic growth with more favorable long-term fundamentals and stronger tenant health.

We recently added exposure in economically sensitive REITs where valuations have been discounted. These increases were mainly among US REITs and Japanese developers. The fund's positioning reflects a general view that policy rates have peaked in most major developed countries, but the speed and magnitude of interest rate declines may disappoint the market as global growth, especially in the US, appears to remain resilient.

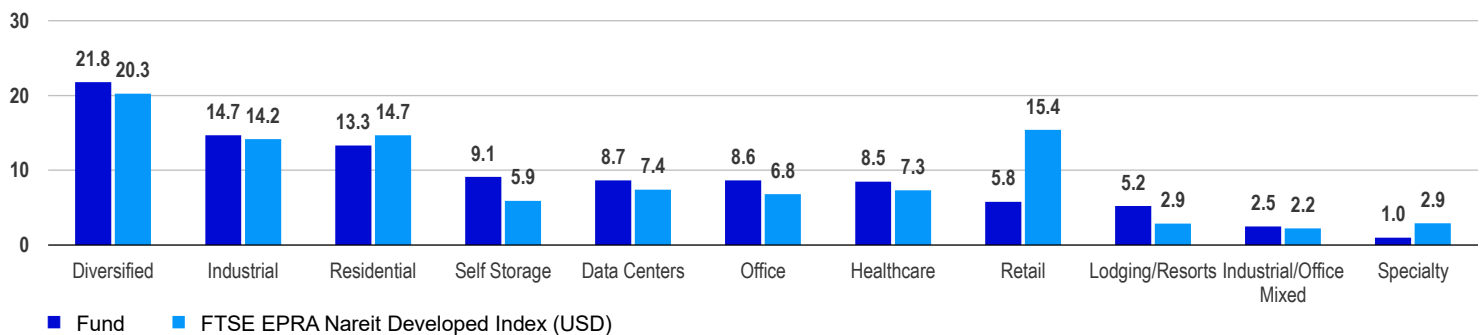
At quarter end, the fund was overweight in the US, Japan, Spain and the UK. The fund was underweight in Australia, Switzerland, Canada and Singapore.

From a property type perspective, the fund has overweight exposures in health care, timber, office, lodging, self-storage and data centers. Lodging and timber should in our view benefit from healthy consumer travel activities and an improving housing market. The fund has exposure in the office sector only where asset quality and location attributes are known to be high. Structural demand trends for data center REITs have remained broadly intact with a solid earnings outlook and AI likely providing a tailwind for investor sentiment.

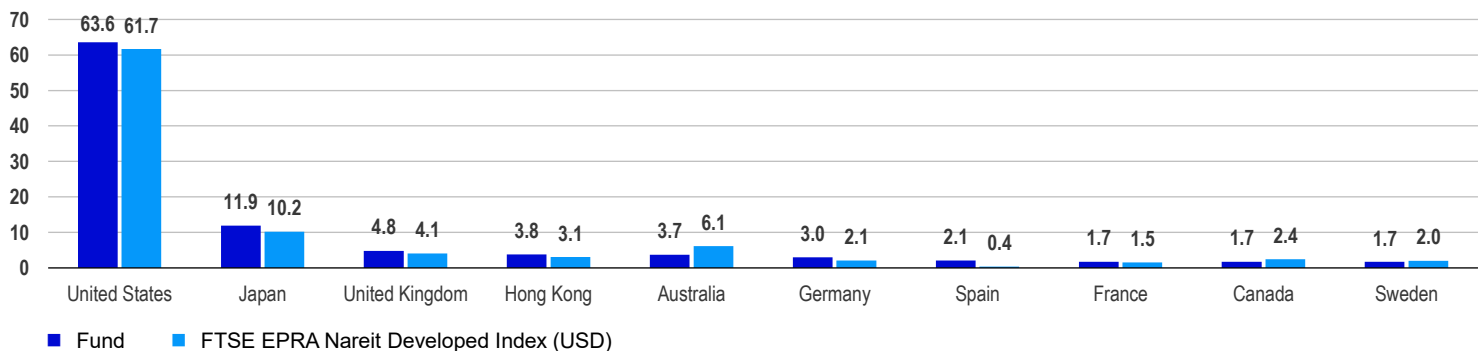
Underweight exposures include retail, residential and industrial. The fund is underweight retail due to what we see as less interesting growth and valuation characteristics compared to other sectors.

We moved the fund's Europe allocation to an overweight, largely driven by our view that interest rate declines at some point in 2024 will show that the region's deeply discounted valuations are attractive relative to private market values. Overweight exposure in Japan centers on development-focused companies that are beneficiaries of inflation, corporate governance improvement and positive capital flow to Japanese equities.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Mitsubishi Estate Company, Limited	34.37	0.49
Sumitomo Realty & Development Co., Ltd.	29.38	0.37
Tokyu Fudosan Holdings Corp.	30.20	0.35
Goodman Group	27.80	0.33
Digital Realty Trust, Inc.	7.93	0.31

Top detractors (%)

Issuer	Return	Contrib. to return
Link Real Estate Investment Trust	-23.56	-0.61
Rexford Industrial Realty, Inc.	-9.60	-0.47
Extra Space Storage Inc.	-6.56	-0.34
Healthcare Realty Trust Incorporated Class A	-22.63	-0.25
Americold Realty Trust, Inc.	-16.96	-0.19

Performance highlights

The fund outperformed its benchmark, driven by favorable positioning in Singapore, Japan and Europe. Performance highlights included stock selection in Europe and Australia, an underweight allocation in Singapore and an overweight in Japanese developers.

Contributors to performance

In Japan, the fund had overweight exposure in development-focused real estate companies. This added to relative return as developers have been considered beneficiaries of the improving outlook for inflation and growth in Japan and the improving office market.

The fund's underweight in Singapore also added to relative return. REITs in Singapore have relatively high leverage, high overseas asset exposures and high interest rate sensitivity, all of which contributed to their underperformance.

In Europe, the fund benefited from holding a Sweden-based residential company that outperformed. In Germany, a multi-family operator showed resilient performance after posting its year-end earnings and announcing the resumption of its dividend payment.

Detractors from performance

US positioning detracted from relative performance as the positive contribution from an overweight in the billboard sector was offset by underweights in data centers and malls and an overweight in cell towers.

The fund's overweight in Hong Kong detracted, as the country underperformed.

In Spain, exposure to a cell tower operator drove the majority of the fund's underperformance.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 04/29/05	NAV	-0.88	-0.88	6.23	-1.65	-1.21	2.32	3.97
	Max. Load 5.5%	-6.36	-6.36	0.37	-3.49	-2.32	1.75	3.66
Class R6 shares inception: 09/24/12	NAV	-0.77	-0.77	6.76	-1.17	-0.76	2.82	3.54
Class Y shares inception: 10/03/08	NAV	-0.82	-0.82	6.50	-1.40	-0.97	2.57	4.36
Custom Global Real Estate Index		-1.30	-1.30	7.41	-1.59	-0.64	2.99	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	77% (155 of 192)	69% (132 of 179)	80% (154 of 179)	76% (96 of 119)	-

Expense ratios per the current prospectus: Class A: Net: 1.38%, Total: 1.38%; Class R6: Net: 0.92%, Total: 0.92%; Class Y: Net: 1.13%, Total: 1.13%.

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. On March 12, 2007, the fund reorganized from a closed-end fund to an open-end fund. Class A share returns prior to that date are those of the closed-end fund's Common shares and include the fees applicable to Common shares. Fund performance was positively affected by a temporary 2% fee on redemptions that was in effect from March 12, 2007, to March 12, 2008. Without income from this temporary fee, returns would have been lower. Index sources: Invesco, 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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	14.15	-1.61	1.57	12.66	-6.16	22.47	-12.44	25.26	-25.23	8.60
Class R6 shares at NAV	14.78	-0.96	2.20	13.04	-5.85	23.12	-12.06	25.77	-24.86	9.17
Class Y shares at NAV	14.41	-1.36	1.82	13.02	-6.07	22.79	-12.21	25.50	-24.99	8.90
Custom Global Real Estate Index	14.70	-1.19	3.75	13.99	-6.37	22.50	-9.95	24.22	-25.09	9.67

Portfolio characteristics*

	Fund	Index
No. of holdings	64	362
Wtd. avg. mkt. cap (\$M)	24,030	26,928
Top 10 issuers (% of AUM)	39.52	32.38
Earnings multiple	18.08	17.50
Expected earnings growth (%)	4.13	1.98
Multiple to growth ratio	4.38	8.84
Leverage (%)	31.11	32.91

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.78	0.00
Beta	0.95	1.00
Sharpe ratio	-0.17	-0.13
Information ratio	-0.20	0.00
Standard dev. (%)	19.30	20.19
Tracking error (%)	2.94	0.00
Up capture (%)	90.45	100.00
Down capture (%)	98.44	100.00
Max. drawdown (%)	32.13	32.15

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Data Centers	-0.36	0.09	-0.26
Diversified	0.06	0.93	1.00
Healthcare	-0.04	0.01	-0.03
Industrial	0.00	0.05	0.04
Industrial/Office Mixed	0.05	0.16	0.21
Infrastructure	-0.24	0.00	-0.24
Lodging/Resorts	-0.13	0.04	-0.08
Office	-0.03	0.23	0.20
Residential	-0.01	0.03	0.01
Retail	-0.16	-0.27	-0.43
Self Storage	-0.15	0.06	-0.10
Specialty	-0.03	0.32	0.29
Cash	-0.02	0.00	-0.02
Total	-1.06	1.65	0.59

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.**

Performance attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Singapore	0.30	0.73	2.22
Japan	0.22	10.70	8.06
Sweden	0.14	1.08	3.33
United Kingdom	0.13	5.86	-0.28
Australia	0.07	3.85	7.80

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
Hong Kong	-0.15	3.88	-14.69
United States	-0.12	64.20	-0.83
Spain	-0.09	2.11	-6.23
Belgium / Luxembourg	-0.03	1.17	-8.81
Israel	-0.01	0.00	0.00

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to Custom Global Real Estate Index.

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

The Custom Invesco Global Real Estate Index is a custom index composed of the FTSE EPRA/NAREIT Developed Index (Gross) index from the inception of the fund through 2/17/2005, the FTSE EPRA/NAREIT Developed Index (Net) index from 2/18/2005 through 6/30/2014, then the FTSE EPRA/NAREIT Global (Net) index from 7/1/2014 going forward. An investment cannot be made directly in an index.

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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

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

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified investments.

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

Mortgage- and asset-backed securities are subject to prepayment or call risk, which is the risk that the borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Securities may be prepaid at a price less than the original purchase value.

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.

Real estate companies, including REITs or similar structures, tend to be small- and mid-cap companies, and their shares may be more volatile and less liquid.

Investments in real estate related instruments may be affected by economic, legal, or environmental factors that affect property values, rents or occupancies of real estate. Real estate companies, including REITs or similar structures, tend to be small and mid-cap companies and their shares may be more volatile and less liquid.

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.

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. **Earnings multiple** – Security price/expected earnings of the next 12 months. Earnings are defined as adjusted funds from operations (AFFO), funds from operations (FFO), or equivalent. **Multiple to growth ratio**—Earnings multiple/expected earnings growth over the next 12 months. Earnings are defined as adjusted funds from operations (AFFO), funds from operations (FFO), or equivalent. **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.