



INVESCO OPPENHEIMER
REAL ESTATE FUND

Q2 2019 COMMENTARY | AS OF 6/30/19

Fund Focus

The Fund typically invests in real estate securities, primarily real estate investment trusts (REITs).

Ticker Symbol

OREAX (Class A Shares)
OREYX (Class Y Shares)
OREIX (Class R6 Shares)

Asset Class

Real Estate



Portfolio Manager¹
David Wharmby, CFA
(Since 1/12)

Industry Experience
29 years

Client Portfolio Manager
John Corcoran

Invesco Oppenheimer Real Estate Fund Class A, Y and R6 Shares

Average Annual Total Returns as of 6/30/19

	2Q19	1-Year	3-Year	5-Year	10-Year or Since Inception
Invesco Oppenheimer Real Estate Fund (Class A shares without sales charge)	1.11%	11.32%	2.80%	7.01%	14.55%
Invesco Oppenheimer Real Estate Fund (Class A shares with sales charge)	-4.45	5.21	0.88	5.81	13.91
Invesco Oppenheimer Real Estate Fund (Class Y shares)	1.19	11.57	3.06	7.28	14.88
Invesco Oppenheimer Real Estate Fund (Class R6 shares)*	1.21	11.79	3.23	7.47	-
FTSE NAREIT Equity REITs Index ²	1.24	11.21	4.20	7.92	15.46
Morningstar Real Estate Category Average ³	-	10.45	4.66	7.23	14.53
Morningstar Percentile Rank and Ranking: Real Estate Category ⁴	-	42nd #111/259	85th #175/226	58th #108/198	61st #78/139

Returns for periods less than one year are cumulative and not annualized.

Annual Expense Ratios:

Class A shares: Gross: 1.38%; Net: 1.34%

Class Y shares: Gross: 1.13%; Net: 1.09%

Class R6 shares: Gross: 0.93%; Net: 0.92%

*Class R6 shares inception date is 8/28/12.

The performance data quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit oppenheimerfunds.com or call 1-800-959-4246. Fund returns include changes in net asset value with dividends and capital gains reinvested. Class A shares include the 5.50% maximum sales charge where indicated. Class Y and Class R6 shares are not subject to a sales charge. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. Total annual fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through May 28, 2021. See current prospectus for more information. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. Class I shares were reorganized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Y shares are generally intended for certain investors, such as wrap-fee based programs or commissionable brokerage platforms that charge sales commission. See prospectus for details.

FUND HIGHLIGHTS

- During the second quarter of 2019, Invesco Oppenheimer Real Estate Fund's (Fund) Class A shares (without sales charge) generated a total return of 1.11%, marginally underperforming the 1.24% return of the FTSE NAREIT Equity REITs Index (Index). Index returns slowed in the reporting period, underperforming the S&P 500 Index which generated a total return of 4.30%. For the first half of 2019, the Fund generated a total return of 17.71%, performing in line with the Index which generated a total return of 17.77%.
- Sector performance was bifurcated in the quarter, with the strongest returns coming from Single-Family Homes, Industrial and Self-Storage. In contrast, Regional Malls and Hotels generated negative returns. Relative to the Index, the Fund was most overweight the Single-Family Homes, Apartment and Net Lease sectors. The Fund was most underweight Self-Storage, Diversified and Regional Malls.
- The biggest contributors to performance in the reporting period were Prologis, Equinix and Mid-America Apartment Communities. The largest detractors were Simon Property Group and Park Hotels & Resorts.

MARKET OVERVIEW

Equity market gains slowed in the second quarter, mostly due to uncertainty about relations between the United States and its trading partners. REITs underperformed broader equity markets in the period with mixed results among property sectors. The sectors with the strongest returns were Single-Family Homes, Industrial and Self-Storage. Single-Family Homes performed well on the back of solid quarterly earnings results. Strong secular demand tailwinds are helping to drive above average internal growth for the sector. Industrial performed well on the back of growth in ecommerce which continues to drive property demand despite trade concerns. Self-Storage climbed as a result of better than expected earnings results. New supply remains a concern but may be peaking this year.

Regional Malls and Hotels generated the lowest returns in the Index during the second quarter. Regional Malls underperformed due to a combination of higher than expected store closing announcements and rising trade risks to apparel retailers. Hotels underperformed after a noticeable change in sentiment toward the overall economy following the breakdown in U.S./China trade negotiations in May.

PORTFOLIO PERFORMANCE

During the second quarter, the Fund's Class A Shares (without sales charge) generated a total return of 1.11%, underperforming the 1.24% return of the Index. The sectors with the strongest performance relative to the Index were Regional Malls, Single-Family Homes and Apartments. In Regional Malls, the Fund was underweight this underperforming sector. In Single Family Homes, the Fund was overweight this outperforming sector. In Apartments, the Fund outperformed on the back of positive stock selection. In particular, the Fund was overweight Mid-America Apartment Communities, which benefitted from reaccelerating rent growth in its Sunbelt markets.

The Fund's weakest performance relative to the Index came in the Self-Storage and Net Lease sectors. In Self-Storage, the Fund was underweight this outperforming sector. In Net Lease, the Fund was overweight this defensive sector which typically benefits in a declining interest rate environment and when economic growth expectations are falling. However, the sector underperformed in the quarter, with companies delivering mixed earnings results and announcing acquisitions that were predominantly in line with investor expectations.

The three stocks with the greatest contribution to the Fund's performance were Prologis, Equinix and Mid-America Apartment Communities. Prologis reported strong earnings results in the second quarter. Despite the trade wars, ecommerce continues to drive solid results while new supply remains at manageable levels. Equinix also reported strong earnings during the quarter. The joint venture announcement with GIC provides the company with another lever for growth. As has been the case for some time, growth in cloud computing continues to drive demand for data centers. Finally, Mid-America Apartment Communities benefited from strong rent growth and strong performance of its property holdings in Sunbelt markets.

Simon Property Group and Park Hotels & Resorts were the biggest detractors from performance in the quarter. Simon Property Group and the Regional Mall sector both underperformed in the period due to a combination of higher than expected store closing announcements and rising trade risks to apparel retailers. Park Hotels & Resorts underperformed in part due to the sentiment shift against growth during the quarter following the breakdown in the U.S./China trade negotiations. In addition, the company announced a large transaction in the quarter which made some investors nervous.

MARKET OUTLOOK

As the U.S. moves through the later stages of the economic cycle, we expect increased variance in property sector performance. We expect sectors that can generate stable to accelerating growth to outperform those with deteriorating fundamentals and slowing growth. In such an environment, property sectors facing above average supply growth, which so far has been readily absorbed, could be more negatively impacted by any slowdown in demand. If U.S. economic growth shows sign of moderating in the second half of 2019, we would expect defensive sectors such as Net Lease and Healthcare to outperform. Non-core sectors with secular tailwinds, including Single-Family Homes and Data Centers, should continue to provide attractive investment opportunities this year.

SPECIAL RISKS

Investments in real estate companies, including REITs or similar structures, are subject to volatility and risk. Smaller real estate companies may also be subject to liquidity risk. Small-sized company stock is typically more volatile than that of larger company stock. It may take a substantial period of time to realize a gain on an investment in a small company, if any gain is realized at all. The Fund is classified as a “non-diversified” fund and may invest a greater portion of its assets in the securities of a single issuer.

PORTFOLIO CHARACTERISTICS DEFINITIONS

EPS Growth (3-year historical): The annual growth rate of a company's earnings per share over three years.

Tracking Error: A predictive risk measure of the portfolio's return relative to the benchmark. If the prediction is accurate, the portfolio's return relative to the benchmark will be within the tracking error two-thirds of the time, within twice the tracking error 95% of the time, and within three times the tracking error 99% of the time. Also called active risk.

Fiscal Year Turnover: A measure of the strategy's trading activity, which is computed by taking the lesser of purchases or sales during the strategy's latest fiscal year, divided by the total net asset value (NAV).

Weighted Median Market Capitalization and Weighted Average Market Capitalization: Weighted by the market capitalization of each stock in the portfolio or index. In such a weighting scheme, larger companies account for a greater portion of the portfolio or index. Listed in billions of dollars.

Top Ten Holdings by Issuer⁵

2nd Quarter 2019 (as of 6/30/19)

AvalonBay Communities, Inc.	6.7%
Equity Residential Properties Trust	6.6
Prologis Inc.	6.3
Mid-America Apartment Communities, Inc.	6.0
Welltower, Inc.	6.0
Equinix, Inc.	5.7
Boston Properties, Inc.	5.3
American Homes 4 Rent	4.9
Regency Centers Corp.	4.5
National Retail Properties	4.0
Total	55.9

Top & Bottom Contributors to Return⁵

2nd Quarter 2019 (as of 6/30/19)

Top Five

Prologis, Inc.	0.69%
Equinix, Inc.	0.62
Mid-America Apartment Communities, Inc.	0.44
Welltower, Inc.	0.35
American Homes 4 Rent	0.33

Bottom Five

Simon Property Group, Inc.	-0.36
Park Hotels & Resorts, Inc	-0.21
Agree Realty Corporation	-0.20
Cousins Properties Incorporated	-0.17
Boston Properties, Inc.	-0.16

Portfolio Characteristics

2nd Quarter 2019 (as of 6/30/19)

	Fund
Number of Holdings by Equity Issuer	27
Weighted Median Market Capitalization	13.4
Weighted Average Market Capitalization	19.0
EPS Growth - Historical	6.8
Fiscal Year Turnover	84.0

Sector Attribution Analysis⁵

2nd Quarter 2019 (as of 6/30/19)

	Real Estate Fund			FTSE NAREIT Equity REITs Index			Attribution Analysis		
	Average Weight	Return	Contribution to Return	Average Weight	Return	Contribution to Return	Sector Allocation	Stock Selection	Total Effect
Residential	27.98	4.75	1.30	17.83	3.51	0.62	0.23	0.33	0.56
Retail	20.46	-4.04	-0.84	17.97	-6.75	-1.26	-0.20	0.59	0.39
Specialty	5.16	2.38	0.12	5.25	0.92	0.05	-0.01	0.08	0.07
Data Centers	5.48	11.85	0.62	8.40	7.38	0.58	-0.17	0.23	0.06
Industrial	9.43	9.31	0.91	10.27	9.01	0.90	-0.02	0.04	0.01
Diversified	0.00	0.00	0.00	5.77	1.42	0.08	-0.01	0.00	-0.01
Mortgage Home Financing	1.57	-3.20	-0.05	0.00	0.00	0.00	-0.07	0.00	-0.07
Office	11.92	-3.24	-0.42	10.46	-3.30	-0.32	-0.08	-0.01	-0.08
Lodging/Resorts	5.26	-5.36	-0.29	5.66	-3.38	-0.19	0.02	-0.12	-0.09
Health Care	11.67	0.98	0.10	11.93	2.77	0.30	0.01	-0.20	-0.19
Self Storage	0.00	0.00	0.00	6.45	7.48	0.48	-0.39	0.00	-0.39
Cash	1.06	0.53	0.01	0.00	0.00	0.00	-0.03	0.00	-0.03
Total	100.00	1.46	1.46	100.00	1.24	1.24	-0.10	0.32	0.22

Contribution to return is based on absolute stock performance in the portfolio.

Attribution methodology notes: The analysis includes equity investments only and provides analysis of the effects of several portfolio management decisions, including allocation and security selection. All attribution effects are computed daily, linked through time, and do not reflect fees, expenses or transaction costs. The total returns displayed for the Fund and benchmark do not capture the effect of daily cash flows and intra-day trading activity, and may be further impacted by pricing differentials, therefore they are subject to reasonable variance from the Fund's and benchmark's actual return. **Past performance does not guarantee future results.**

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DISCLOSURES

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1. The Fund's portfolio manager is employed by its Sub-Sub-Adviser, Barings LLC. David Wharmby is a Managing Director of Barings Real Estate Securities team.
2. The FTSE National Association of Real Estate Investment Trusts (NAREIT) Equity Index REITs consists of certain companies that own and operate income-producing real estate that have 75% or more of their respective gross invested assets in the equity or mortgage debt of commercial properties. The index is unmanaged, includes the reinvestment of dividends and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
3. Source: Morningstar, Inc., 6/30/19. The Morningstar Real Estate Funds Category Average is the average return of the mutual funds within the investment category as defined by Morningstar. Returns include the reinvestment of distributions but do not consider sales charges. The Morningstar Real Estate Funds Category Average performance is shown for illustrative purposes only and does not predict or depict the performance of the Fund.
4. Source: Morningstar, Inc., 6/30/19. Morningstar ranking is for Class A shares and ranking may include more than one share class of funds in the category, including other share classes of this Fund. Ranking is based on total return as of 6/30/19, without considering sales charges. Different share classes may have different expenses and performance characteristics. Fund rankings are subject to change monthly. The Fund's total-return percentile rank is relative to all funds that are in the Real Estate category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top performing fund in a category will always receive a rank of 1.
5. Holdings, sector and country allocations are subject to change, do not constitute recommendations by Invesco and are dollar weighted based on assets. Attribution analysis is a process used to analyze the absolute return (often called contribution) and the excess return (often called relative return) between a portfolio and its benchmark. The total effect measures both the allocation effect to a sector as well as stock selection within a sector. The mention of specific companies does not constitute a recommendation by any particular fund or by Invesco.

Shares of Invesco funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

These views represent the opinions of the Portfolio Managers and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on June 30, 2019, and are subject to change based on subsequent developments. The Fund's portfolio and strategies are subject to change.

Total returns do not show the effects of income taxes on an individual's investment. Taxes may reduce an investor's actual investment returns on income or gains paid by the Fund or any gains realized if the investor sells his/her shares.

Before investing in any of the Invesco funds, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com, or calling 1.800.959.4246. Read prospectuses and summary prospectuses carefully before investing.

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