



Invesco U.S. Real Estate Securities SMA

First Quarter

Portfolio Management Team

Invesco U.S. Real Estate Securities SMA uses a team-based approach in making investment decisions. The portfolio management team has an average of 21 years of industry experience.

We believe a REIT's relative success is dependent on management ability, asset quality and the underlying strength of its operating markets. By identifying REITs with favorable characteristics in these areas and buying them at attractive prices, we seek to create a portfolio that will perform at or above REIT index levels with a comparable level of risk.

Current Portfolio Positioning

Capital market sentiment was generally positive in the US during the first quarter, with a market willing to believe in the new government's reflation and pro-growth fiscal agenda. US general equity indices reached record-highs, with the S&P 500 posting one of its strongest quarterly gains in recent years. Over the period, US REITs owning non-traditional property types including data centers, manufactured housing and single-family homes tended to outperform. However, the traditional and yield-oriented property types did stage a rally toward the end of the quarter. Headlines relating to retailer store closure and bankruptcy announcements have increasingly gained investor attention in the period, resulting in underperformance for the regional mall and shopping center sectors. The store closure activity has generally been concentrated in lower productivity malls as retailers continue to rationalize store counts in response to the changing retail landscape. Retailers are increasingly concentrating their store lineups in the highest quality locations, with the strongest shopper demographics, which should relatively favor the higher quality mall and shopping center companies.

The Invesco U.S. Real Estate Securities Portfolio outperformed its benchmark in the period, driven by stock selection across several sectors. Stock selection was most favorable in the shopping center, health care, regional mall, apartment and office sectors. Overweights to the timber and single-family home sector benefited performance as fundamentals remained strong. An underweight position to low-quality retail landlords and overweight positions to the data center and single family rental sectors also contributed favorably to relative performance.

Conversely, stock selection in the diversified REIT sector and specialty properties detracted from performance.

Weight has been shifted to companies and sectors which are better-positioned to weather a higher interest rate environment, namely those with low balance sheet leverage, relatively low upcoming debt maturities, and above-average and visible growth prospects. Additionally, weight was added to high-quality regional mall REITs, which have recently underperformed due to negative headlines surrounding the US retail sector. Within the residential sector, weight was shifted to the single-family rental sector and apartment landlords, which should benefit from an improved supply backdrop across key east and west coast markets. Weight was removed from the healthcare sector, due largely to concerns surrounding senior housing fundamentals. Additionally, positions in the triple net sector were also reduced as an increase in their cost of capital will likely result in lower acquisition volumes going forward.

We anticipate positive real estate fundamentals to continue in the US, although increased new construction across several sectors should be monitored closely. Overall, we maintain a bias toward companies with higher quality assets, supply-constrained markets, above-average earnings growth prospects and balance sheets that have less leverage.

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Invesco U.S. Real Estate Securities SMA Wrap Composite

Year	"Pure" Gross Return*	Net Return	FTSE NAREIT All Equity REITs Index Return	Composite Dispersion	Composite 3-Year Annualized Standard Deviation	Benchmark 3-Year Annualized Standard Deviation	Number of Accounts**	Composite Assets (\$ millions)	Total Firm Assets (\$ billions)	% Wrap Assets
2016	6.98%	3.82%	8.63%	0.38%	13.99%	14.22%	1,420	\$458	\$599	100%
2015	2.93	-0.11	2.83	0.30	13.46	13.74	2,275	771	575	100
2014	29.59	25.83	28.03	0.24	12.35	12.65	2,453	981	585	100
2013	2.75	-0.29	2.86	0.32	15.99	16.45	2,618	826	573	100
2012	17.66	14.22	19.70	0.36	17.68	18.09	3,058	939	500	100
2011	9.08	5.87	8.28	0.53	28.78	31.69	3,167	849	480	100
2010	24.01	20.40	27.95	0.60	N/A	N/A	1,435	333	475	100
2009	29.66	25.87	27.99	1.13	N/A	N/A	1,724	280	298	100
2008	-34.43	-36.45	-37.73	0.86	N/A	N/A	1,971	197	255	100
2007	-14.79	-17.34	-15.69	0.14	N/A	N/A	15	367	329	100

Quarterly Returns

Period	"Pure" Gross Return*	Net Return	FTSE NAREIT All Equity REITs Index Return
1Q17	2.69%	1.93%	2.55%

Annualized Compound Returns

as of March 31, 2017

Period	"Pure" Gross Return*	Net Return	FTSE NAREIT All Equity REITs Index Return
1 Year	4.67%	1.58%	5.25%
3 Years	10.48	7.23	10.56
5 Years	9.96	6.73	10.32
10 Years	5.28	2.17	4.97
Since Inception (4/30/97)	11.41	8.14	9.97

* "Pure" gross of fees returns do not reflect the deduction of any expenses, including trading costs. "Pure" gross of fees returns are supplemental to net returns. See note 5.

** Effective January 1, 2008, number of accounts represents the actual number of clients accounts. Prior to January 1, 2008, the number of accounts represented the number of sponsor platforms for which Invesco managed money in this style.

Invesco Worldwide has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

- Invesco Worldwide ("The Firm") manages a broad array of investment strategies around the world. The Firm comprises U.S.-based Invesco Advisers, Inc. (excluding Unit Investment Trusts) and all wholly owned Invesco firms outside of North America (excluding Religare Enterprises Ltd.). All entities within the Firm are directly or indirectly owned by Invesco Ltd. Invesco Canada Ltd. is also a GIPS-compliant firm whose assets are managed by a subsidiary of Invesco Ltd. Invesco Senior Secured Management, Inc., Invesco Private Capital, Inc., and Invesco PowerShares Capital Management LLC are affiliates of the Firm. Each is an SEC-registered investment adviser and is marketed as a separate entity. Invesco Great Wall Fund Management Co. Ltd is a fund management company established under China Securities Regulatory Commission's approval, and its assets are excluded from total Firm assets.
- Invesco Worldwide claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Invesco Worldwide has been independently verified for the periods January 1, 2003 through December 31, 2015. The legacy firms that constitute Invesco Worldwide have been verified since 2001 or earlier. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- A complete list and description of Firm composites and performance results is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
- For periods after January 1, 2011, the Invesco U.S. Real Estate Securities SMA Wrap Composite (previously named the Invesco U.S. Real Estate Securities Wrap Composite) includes all discretionary and fee-paying wrap accounts styled after the Invesco U.S. Real Estate Securities SMA Model Portfolio (previously named the Invesco U.S. Real Estate Securities Model Portfolio), which utilizes fundamental real estate analysis, securities analysis and risk management practices to manage real estate securities portfolios. Prior to January 1, 2011, the composite included all discretionary, nontaxable and fee-paying wrap accounts. This composite is primarily focused on U.S. REITs. This composite has a long-term total-return objective of consistently outperforming the FTSE NAREIT All Equity REITs Index while also delivering index-comparable risk. Invesco's portfolios typically provide a diversified portfolio of higher quality companies that own assets across most property types and geographic markets. The composite was created in April 30, 1997.
- "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. Performance results are presented both net and gross of total wrap fees. Net returns reflect the deduction of the maximum total wrap fee, which is currently 3.00% per annum or 0.25% monthly, from the "pure" gross return. A model fee is the highest wrap fee a client could pay (3.00% annually as charged by the program sponsor, inclusive of up to a maximum investment advisory fee of 0.75%) is used. The total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. The standard wrap fee schedule currently in effect is as follows: 3.00% on total assets. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.
- The FTSE NAREIT All Equity REITs Index is a market-cap weighted index of all equity REITs traded on the NYSE, NASDAQ National Market System, and the American Stock Exchange. The returns of the FTSE NAREIT All Equity REITs Index are provided to represent the investment environment that existed during the time periods shown. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. For comparison purposes the index is fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs.
- Prior to January 1, 2009, the dispersion of annual returns is measured by the asset-weighted standard deviation of account returns included in the composite for the full year. For periods after January 1, 2009, the dispersion of annual returns is measured by the equal-weighted standard deviation of account returns included in the composite for the full year.
- The three-year annualized ex-post standard deviation measures the variability of the monthly returns of the composite and the benchmark over the preceding 36 months.

Past performance is not indicative of future results. As with any investment vehicle there is always the potential for gains as well as the possibility of losses.

Supplemental Information to Invesco U.S. Real Estate Securities SMA Wrap Composite

Portfolio Characteristics	Portfolio	FTSE NAREIT All Equity REITs Index
Number of Holdings	56	167
Average Market Cap (\$M)	\$11,357	\$5,677
Weighted Average Market Cap (\$M)	\$20,861	\$18,490
FFO (Cash Flow) Multiple ¹	18.0x	17.3x
FFO Expected Growth	5.8%	5.1%
Multiple to Growth Ratio	3.10x	3.37x
Dividend Yield	3.4%	3.9%
Dividend Coverage	1.59x	1.53x
Dividend Payout	62.8%	65.3%
Annualized Turnover Ratio	46.0%	N/A

Portfolio characteristics are subject to change.

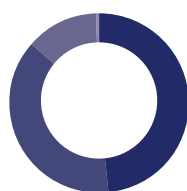
¹ Price divided by expected funds from operations (FFO).

Performance Characteristics (Five year)	
Beta (vs. FTSE NAREIT All Equity Index)	0.97
R ² (vs. FTSE NAREIT All Equity Index)	0.99

Asset Allocation

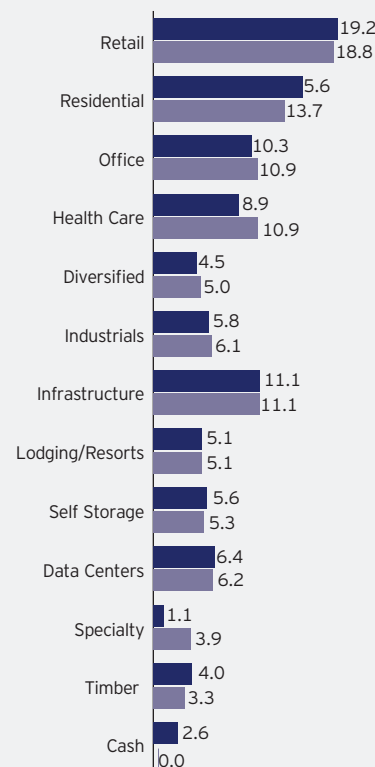
	3/31/17	12/31/16	9/30/16
Stocks	98.1%	98.2%	97.6%
Cash/Other	1.9	1.8	2.4

Market Capitalization Breakdown (%)



Securities are grouped into giant, large, mid, small or micro cap depending on the company's region and the market capitalization breakpoints within that region, as determined by Morningstar.

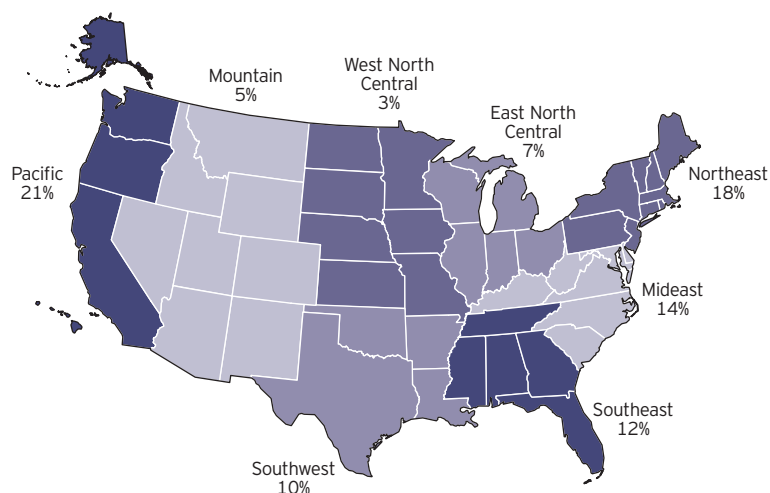
Sector Weightings (% of total net assets)



■ Invesco U.S. Real Estate Securities SMA
■ FTSE NAREIT All Equity REITs Index

Portfolio information contained above was compiled from Invesco Internal Management Sources.

Regional Diversification



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Sources: Invesco, Mellon Analytical Solutions, Compustat, Thomson Financial, Morningstar Inc., FTSE NAREIT. Geographical information provided by SNL Financial. Exposure to U.S. regions may be less than 100% based on U.S. company purchases of international assets. ©2017 Morningstar Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; 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. Past performance is not a guarantee of future results. ©FTSE International Limited (FTSE) 2015. FTSE™ is a trademark of London Stock Exchange Plc and The Financial Times Limited; NAREIT® is a trademark of the National Association of Real Estate Investment Trusts® (NAREIT); and EPRA® is the trademark of the European Public Real Estate Association. The FTSE EPRA/NAREIT Global Real Estate Index Series is calculated by FTSE. All rights in the FTSE Indexes vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indexes or underlying data.

Sample Portfolio (Supplemental Information to Invesco U.S. Real Estate Securities SMA Wrap Composite on Page 2)**Top 10 Holdings**

Ticker	Security	Sector	% of Total Net Assets	Other Sample Holdings (continued)		
1. SPG	Simon Property Group Inc.	Retail	6.21	BDN	Brandywine Realty Trust	Office
2. AMT	American Tower Corp.	Infrastructure	5.73	CUZ	Cousins Properties Inc.	Office
3. PSA	Public Storage	Self Storage	4.36	HPP	Hudson Pacific Properties Inc.	Office
4. BXP	Boston Properties Inc.	Office	4.33	PGRE	Paramount Group Inc.	Office
5. WY	Weyerhaeuser Co.	Timber	4.03	SLG	SL Green Realty Corp.	Office
6. AVB	AvalonBay Communities Inc.	Residential	3.69	ACC	American Campus Communities Inc.	Residential
7. CCI	Crown Castle International Corp.	Infrastructure	3.65	AMH	American Homes 4 Rent	Residential
8. EQR	Equity Residential	Residential	3.33	ELS	Equity LifeStyle Properties Inc.	Residential
9. VNO	Vornado Realty Trust	Diversified	3.32	ESS	Essex Property Trust Inc.	Residential
10. EQIX	Equinix Inc.	Data Centers	3.32	INVH	Invitation Homes Inc.	Residential
Other Sample Holdings				MAA	Mid-America Apartment Communities Inc.	Residential
LPT	Liberty Property Trust	Industrial		SUI	Sun Communities Inc.	Residential
WRE	Washington Real Estate Investment Trust	Diversified		AKR	Acadia Realty Trust	Retail
CCP	Care Capital Properties Inc.	Health Care		BRX	Brixmor Property Group Inc.	Retail
HCP	HCP Inc.	Health Care		FRT	Federal Realty Investment Trust	Retail
HR	Healthcare Realty Trust Inc.	Health Care		GGP	General Growth Properties Inc.	Retail
NHI	National Health Investors Inc.	Health Care		MAC	Macerich Co.	Retail
DOC	Physicians Realty Trust	Health Care		NNN	National Retail Properties Inc.	Retail
VTR	Ventas Inc.	Health Care		O	Realty Income Corp.	Retail
HCN	Welltower Inc.	Health Care		REG	Regency Centers Corp.	Retail
APLE	Apple Hospitality REIT Inc.	Lodging/Resorts		ROIC	Retail Opportunity Investments Corp.	Retail
DRH	DiamondRock Hospitality Co.	Lodging/Resorts		WRI	Weingarten Realty Investors	Retail
HST	Host Hotels & Resorts Inc.	Lodging/Resorts		CONE	CyrusOne Inc.	Data Centers
PEB	Pebblebrook Hotel Trust	Lodging/Resorts		DLR	Digital Realty Trust Inc.	Data Centers
RLJ	RLJ Lodging Trust	Lodging/Resorts		EXR	Extra Space Storage Inc.	Self Storage
EGP	EastGroup Properties Inc.	Industrial		HIFR	InfraREIT Inc.	Infrastructure
PLD	Prologis Inc.	Industrial		LAMR	Lamar Advertising Co.	Specialized
TRNO	Terreno Realty Corp.	Industrial		QTS	QTS Realty Trust Inc.	Data Centers
				SBAC	SBA Communications Corp.	Infrastructure

This table illustrates the composition of a model portfolio as of the date listed and should not be considered as a recommendation to purchase or sell a particular security; additionally, there is no assurance that the securities purchased remain in the portfolio or that securities sold have not been repurchased. Past performance does not guarantee future results. Holdings may vary depending on program sponsor restrictions or specific client guidelines. Top 10 holdings and percentages are listed in the shaded area above and represent 46% of total holdings. For additional holdings disclosure, see the Global Industry Classification Standard disclosure on page 3. **To obtain a list of all recommendations made by Invesco Advisers, Inc. in this investment style during the last year, please contact Invesco Advisers, Inc. at 800 349 0953.**

Top Quarterly Contributors to/Detractors from Performance

As of March 31, 2017

Top 5 Contributors		Average Weight (%)	Contributors (%)	Top 5 Detractors		Average Weight (%)	Contributors (%)
1	American Tower Corp.	5.24	0.77	1	Simon Property Group Inc.	7.11	-0.16
2	Weyerhaeuser Co.	3.78	0.48	2	Federal Realty Investment Trust	2.69	-0.13
3	Equinix Inc.	3.17	0.39	3	Brixmor Property Group Inc.	0.94	-0.10
4	Crown Castle International Corp.	3.35	0.33	4	Weingarten Realty Investors	1.01	-0.09
5	CyrusOne Inc.	1.60	0.23	5	Vornado Realty Trust	3.72	-0.09

For more information on the calculation methodology and a complete list of each holding's contribution to the overall account's performance during this time period, please contact Invesco Advisers, Inc. at 800 349 0953. The holdings identified do not represent all of the securities purchased, sold or recommended for advisory clients. Past performance does not guarantee future results.

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