



# Invesco Global Real Estate Fund

## Quarterly Performance Commentary

Nasdaq: A: AGREX C: CGREX Y: ARGYX

### Investment objective

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

### Portfolio management

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### Portfolio information

Total Net Assets	\$798,584,648
Total Number of Holdings	214

### Top holdings

% of total net assets

Prologis	2.94
AvalonBay Communities	2.55
Simon Property	2.16
Link REIT	2.04
Boston Properties	1.94
Ventas	1.90
Public Storage	1.81
Mid-America Apartment Communities	1.76
Vonovia	1.67
Alexandria Real Estate Equities	1.50

### Top contributors

% of total net assets

1. Prologis	2.94
2. Public Storage	1.81
3. Goodman Group	1.48
4. Ventas	1.90
5. Mid-America Apartment Communities	1.76

### Top detractors

% of total net assets

1. Simon Property Group	2.16
2. Deutsche Wohnen	0.80
3. Macerich	0.62
4. Sumitomo Realty & Development	0.84
5. CK Asset Holdings	0.67

### Market overview

- A combination of geopolitical uncertainty, moderating global economic growth and trade issues unsettled capital markets in the second quarter. As global GDP forecasts fell and inflationary pressures remained modest, key central banks around the globe appeared to shift toward an easing of monetary policy. Government bond yields across almost all key economies fell, while global equities rose on prospects for renewed stimulus.
- As a more defensive sector, listed real estate delivered muted performance following strong first quarter returns. Investor demand is allowing many REITs to issue new equity at favorable valuations and to conduct investment transactions. Aside from retail real estate, investor and occupier demand for assets remains positive in most major global cities and property types. Retail REITs remain structurally challenged and many have higher-than-ideal leverage. Across the rest of the listed real estate universe, leverage levels remain fairly conservative and appropriate for later cycle conditions of slowing growth.

### Performance highlights

- The fund's Class A shares at net asset value (NAV) outperformed the benchmark for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

- In North America, positioning in the US benefited relative return. Favorable stock selection in the apartment and data center sectors, overweights in the industrial and single family rental sectors and an underweight in lodging added to relative return.
- In Europe, UK security selection was particularly beneficial. In the Asia Pacific region, stock selection in Australia added to results. Within emerging markets, stock selection in the Philippines was favorable.
- Industrial REIT **Prologis** was a top contributor, after management raised its forecast for 2019 same-store net operating income (NOI) growth. Self-storage REIT **Public Storage** added to relative return on improved NOI growth.

### Detractors from performance

- In the Asia Pacific region, Japan detracted and an overweight in Hong Kong was affected by local political concerns.
- In Europe, Germany detracted. **Deutsche Wohnen**, an owner of German residential properties, was negatively affected by the proposed introduction of new rent regulations in Berlin.
- **Simon Property Group** reported first quarter results marginally below consensus expectations and detracted from relative return. Though the portfolio is underweight retail, the team believes **Simon** remains a best-in-class retail REIT.

### Positioning and outlook

- In the US, the team favors sectors with above-average earnings growth, attractive capital deployment opportunities and less leveraged balance sheets. The portfolio has a modest Asia Pacific overweight and is focused on stocks with company-specific catalysts and relative value opportunities. The fund is underweight Europe and emerging markets.
- The portfolio has a bias toward companies with higher quality assets, operating in supply-constrained real estate markets, with generally less leveraged balance sheets and most importantly, above-average earnings growth. Listed real estate companies are generally maintaining financial discipline and may soon benefit from the falling cost of credit if interest rates decline. Unpredictable economic and geopolitical environments suggest caution in taking active country and currency exposures. As such, the team is generally focused on stocks with attractive relative value opportunities.
- Within the broader investment context, the cash flow security, opportunities for fundamentally-driven earnings growth and tangible nature of real estate assets make REITs relatively attractive to diversified investors. On this basis, the team views listed real estate as offering fair investment return opportunities by long-term standards.

Investment results						
Average annual total returns (%) as of June 30, 2019						
Period	Class A Shares		Class C Shares		Class Y Shares	Style-Specific Index
	Inception: 04/29/05	NAV	Inception: 04/29/05	NAV	Inception: 10/03/08	
	Max Load	NAV	Max CDSC	NAV	NAV	Custom Invesco Global Real Estate Index
Inception	5.40	5.82	5.27	5.27	6.88	-
10 Years	9.04	9.66	8.83	8.83	9.92	10.77
5 Years	3.37	4.54	3.75	3.75	4.80	5.23
3 Years	3.23	5.19	4.37	4.37	5.43	5.49
1 Year	2.46	8.42	6.55	7.53	8.62	8.10
Quarter	-5.05	0.46	-0.79	0.20	0.45	0.11

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. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. 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 sources: Invesco, FactSet Research Systems Inc.

Asset mix (%)		Expense ratios	
		% net	% total
Dom Common Stock	47.80	Class A Shares	1.26
Intl Common Stock	50.27	Class C Shares	2.01
Cash	1.15	Class Y Shares	1.01
Other	0.78	Per the current prospectus	

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Class Y shares are available only to certain 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 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 into an index.

Top countries	% of total net assets
United States	47.80
Japan	10.32
Hong Kong	7.57
China	5.50
Germany	4.68
Australia	4.37
United Kingdom	3.97
Canada	2.03
Singapore	1.93
France	1.92

REIT sector breakdown	% of total net assets
Diversified	27.99
Residential	19.24
Retail	15.36
Office	11.07
Industrial	10.19
Health Care	6.50
Lodging/Resorts	3.44
Self Storage	2.42
Ind/Off/Mixed	0.38

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## 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.

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, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

Junk bonds have greater risk of default or price changes due to changes in the issuer's credit quality. Junk bond values fluctuate more than high quality bonds and can decline significantly over a short time.

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.

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.

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NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

***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. Advisors, 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.