

# Invesco Global Real Estate Income Fund

## Q2 2025

## Key takeaways

- 1 The fund had a positive return but underperformed its all-equity benchmark**  
Underperformance mainly resulted from the fund's holdings of fixed income real estate and underweights in a number of European countries where real estate equity performance was strong.
- 2 The fund is widely diversified across global real estate**  
The fund is biased toward real estate common equities while maintaining exposure to real estate fixed income securities. The fund is balanced among opportunities that offer a combination of income, valuation and growth potential.
- 3 Recent low development in our view supports demand and landlord pricing power**  
In areas where real estate valuations have already experienced realistic declines, opportunities for more dynamic transactions appear to be increasing. We believe REITs with strong balance sheets are well placed to execute deals that boost earnings.

### Investment objective

The fund seeks current income and, secondarily, capital appreciation.

### Fund facts

Fund AUM (\$M)	410.62
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### Portfolio managers

Grant Jackson, James Cowen, Kevin Collins, PingYing Wang

## Manager perspective and outlook

- Investor uncertainty has seemingly risen to elevated levels in recent months. The changing tone of political relations between the US and other key economies has been damaging to growth expectations and raised inflation concerns. Geopolitical instability also increased amid escalating tensions in the Middle East. Macroeconomic data has shown resilient underlying economies. Global government bond yields were relatively stable during the quarter; however, global equity markets were volatile and yield spreads between US Treasuries and other fixed income sectors widened in April before rapidly moving lower. Additionally, the US dollar experienced weakness relative to many other major currencies.
- Global listed real estate equities ended the quarter trading about even with their average underlying net asset value. However, this statistic hides wide dispersions among country and property type valuations as parts of Asia and Europe traded at deep discounts to net asset value and several US REIT sectors traded at premiums.
- We believe a wide range of outcomes are possible over the next 12-24 months, driven by macroeconomic and geopolitical factors. However, conditions should in our view be most positive where private markets have already experienced realistic valuation declines as interest rates rose and where tenant demand has provided a structural tailwind.



## Top issuers

(% of total net assets)

	Fund	Index
Welltower Inc	5.62	5.56
Prologis Inc	4.25	5.39
Digital Realty Trust Inc	3.71	3.25
Equinix Inc	3.41	4.29
Public Storage	2.90	2.56
AvalonBay Communities Inc	2.72	1.60
American Homes 4 Rent	2.66	0.68
Goodman Group	2.33	2.46
Mitsui Fudosan Co Ltd	2.33	1.39
Simon Property Group Inc	2.20	2.88

As of 06/30/25. Holdings are subject to change and are not buy/sell recommendations.

## Asset mix (%)

Dom Common Stock	49.27
Intl Common Stock	23.55
CMO - Non Agency	10.48
Dom Preferred Stock	4.06
Other	0.32
Cash	12.32

## Portfolio positioning

The fund has investments in real estate common equities, commercial mortgage-backed securities (CMBS) and REIT preferred shares and is diversified across all global regions. At quarter end, the fund's allocation was 81% real estate equities, 11% CMBS, 4% preferred securities, 0% corporate bonds and 4% cash.

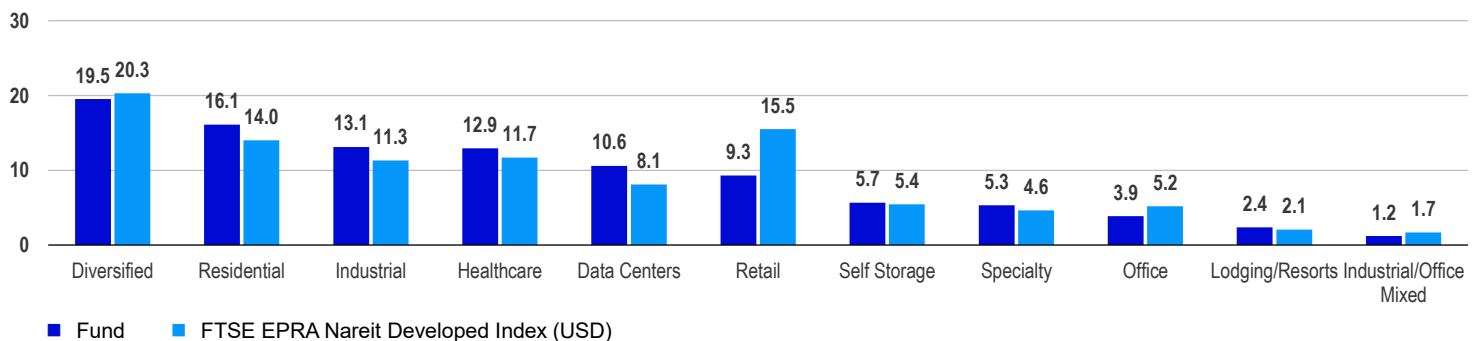
Relative to the fund's average positioning in the past, it now has greater exposure to real estate common equities, based on our view that investors are likely to reward equity risk with higher returns than those from relatively more stable real estate fixed income investments. Real estate equity returns should in our view be driven by a combination of dividend yield, earnings and net asset value growth derived from occupancy, rent growth and development activity.

The fund's real estate fixed income holdings are focused on single asset and/or single borrower investments, with residential and lodging representing the largest property type exposures. To limit the fixed income duration, CMBS investments are largely floating rate or relatively short duration fixed rate positions.

Real estate common equity exposures currently emphasize data centers and infrastructure REITs, where growth opportunity appears promising and valuations look attractive. The most significant underweights are in retail, office and diversified REITs, where fundamental trends and valuation levels suggest to us modest relative value opportunities in a changing economic environment.

During the quarter, the allocation to real estate common equity rose and real estate fixed income declined. We raised exposure to US REITs toward the end of the period, reflecting previous weakness in absolute and relative performance as well as improved relative value opportunities. Among the fund's real estate common equity positions, we reduced exposure to cyclical real estate property types and markets. We added to US lodging, storage and specialty sectors. Correspondingly, we reduced exposure to US retail and triple net lease. In Asia, our activity mainly related to capturing relative value among Japanese developers and REITs. In Europe, we added to select cyclical real estate exposures where asset quality has been high and valuations appear deeply discounted.

## Sector breakdown (% of total net assets)



## Top contributors (%)

Issuer	Return	Contrib. to return
Digital Realty Trust, Inc.	22.30	0.83
Goodman Group	25.82	0.64
Vonovia SE	37.13	0.48
Mitsui Fudosan Co., Ltd.	7.76	0.32
Fastighets AB Balder Class B	18.66	0.29

## Top detractors (%)

Issuer	Return	Contrib. to return
Prologis, Inc.	-5.11	-0.33
First Industrial Realty Trust, Inc.	-10.10	-0.26
Simon Property Group, Inc.	-2.34	-0.24
Healthpeak Properties, Inc.	-12.02	-0.23
Gaming and Leisure Properties, Inc.	-6.71	-0.15

## Performance highlights

The fund had a positive return for the quarter but underperformed its equity-only benchmark, the FTSE EPRA Nareit Developed Index. The fund's relative underperformance mainly stemmed from its debt holdings, which still provided a positive return but lagged the listed real estate equity market.

### Contributors to performance

The fund benefited from its underweight in US REIT equities whose returns lagged other global regions during a volatile period. Among US equity holdings, the fund benefited from stock selection among US health care focused REITs, where performance of some life science REITs was weak. The fund benefited from exposure to US data centers, the addition of exposure to US lodging-focused companies and an underweight in US industrial real estate. Positive contributors to relative return also included a number of European exposures that benefited from

declining interest rates and capital allocation flows that favored the region. Overweights in German apartments and European industrials provided good returns.

### Detractors from performance

The fund's real estate fixed income holdings delivered a positive absolute return but detracted from relative performance against the all-equity benchmark. The fixed income return lagged the real estate equity returns of many countries and property types. The fund's underweight in Europe was a detractor from relative return as real estate equity performance was strong in the region. Specifically, having no exposure to Israel, Belgium and Switzerland detracted. An underweight in Australia and stock selection among French retail focused real estate also detracted from relative return. In Japan, holdings among the larger diversified development focused real estate companies detracted from relative return.

## Standardized performance (%) as of June 30, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 05/31/02	NAV	4.11	4.41	5.79	2.44	4.02	2.86	6.38
	Max. Load 5.5%	-1.65	-1.33	0.00	0.54	2.86	2.28	6.12
Class R6 shares inception: 09/24/12	NAV	4.26	4.72	6.45	2.94	4.46	3.28	3.85
Class Y shares inception: 10/03/08	NAV	4.05	4.43	6.06	2.70	4.27	3.11	5.31
Custom Global Real Estate Income Index		4.41	6.07	11.18	3.52	5.10	3.17	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	96% (139 of 151)	80% (106 of 148)	73% (102 of 144)	72% (90 of 118)	-

Expense ratios per the current prospectus: Class A: Net: 1.26%, Total: 1.26%; Class R6: Net: 0.84%, Total: 0.84%; Class Y: Net: 1.01%, Total: 1.01%.

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. 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 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-1.38	4.96	8.77	-4.33	18.67	-5.09	19.97	-20.93	11.86	-2.68
Class R6 shares at NAV	-1.10	5.40	9.23	-3.91	19.19	-4.69	20.45	-20.63	12.34	-2.29
Class Y shares at NAV	-1.15	5.23	9.06	-4.11	19.02	-4.86	20.22	-20.71	12.19	-2.34
Custom Global Real Estate Income Index	-0.79	4.06	10.36	-5.63	21.91	-9.04	26.09	-25.09	9.67	0.94

### Portfolio characteristics\*

	Fund	Index
No. of holdings	98	358
Wtd. avg. mkt. cap (\$M)	35,800	30,387
Top 10 issuers (% of AUM)	39.46	32.85
Earnings multiple	17.80	17.50
Expected earnings growth (%)	4.73	3.73
Multiple to growth ratio	3.77	4.71
Leverage (%)	31.40	32.10

### Risk statistics (5 year)\*

	Fund	Index
Alpha (%)	-0.80	0.00
Beta	0.79	1.00
Sharpe ratio	0.08	0.13
Information ratio	-0.23	0.00
Standard dev. (%)	14.43	18.05
Tracking error (%)	4.59	0.00
Up capture (%)	67.52	100.00
Down capture (%)	88.50	100.00
Max. drawdown (%)	24.16	32.15

## Quarterly performance attribution

### Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
CMBS	-0.30	0.00	-0.30
Data Centers	0.02	0.11	0.13
Diversified	-0.29	0.10	-0.19
Healthcare	0.10	0.32	0.43
Industrial	0.11	0.04	0.14
Industrial/Office Mixed	-0.04	0.13	0.08
Infrastructure	-0.03	0.00	-0.03
Lodging/Resorts	0.06	0.09	0.15
Office	-0.12	0.01	-0.11
Preferreds	-0.17	0.00	-0.17
Residential	0.06	0.10	0.16
Retail	0.06	-0.47	-0.41
Self Storage	0.07	-0.03	0.04
Specialty	0.01	-0.18	-0.16
Cash	-0.20	0.00	-0.20
<b>Total</b>	<b>-0.68</b>	<b>0.24</b>	<b>-0.44</b>

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
United States	0.87	71.65	0.44
Czech Republic	0.09	0.76	18.89
Germany	0.09	2.60	34.11
Spain	0.05	1.03	15.24
Sweden	0.01	1.62	18.66

### Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
France	-0.25	0.52	-1.72
Switzerland	-0.21	0.00	0.00
Belgium / Luxembourg	-0.16	0.00	0.07
Australia	-0.15	4.11	24.42
Japan	-0.12	7.21	8.62

Unless otherwise specified, all information is as of 06/30/25. Unless stated otherwise, Index refers to Custom Global Real Estate Income Index.

The Custom Invesco Global Real Estate Income Index is comprised of the FTSE NAREIT All Equity REIT Index through Aug. 31, 2011, and the FTSE EPRA/NAREIT Developed Index thereafter. 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.

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. Developing markets may especially be volatile.

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.

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.

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.**