Invesco Global Real Estate Income Fund

Q1 2025

Key takeaways

1 The fund had a positive return but lagged its all-equity benchmark

The fund had a positive absolute return but underperformed its benchmark. Stock selection among real estate equities detracted, as did the fund's allocation to real estate fixed income, which underperformed real estate equities.

2 The fund is widely diversified across the global real estate market

The fund is biased toward real estate common equities while maintaining meaningful exposure to real estate fixed income securities. The fund is balanced among opportunities that offer a combination of income, valuation and growth potential.

3 Low development activity in recent years in our view supports demand for high quality real estate

Where real estate values have already reset, opportunities for more dynamic real estate transaction markets appear to be improving. REITs with strong balance sheets are best positioned to execute deals that boost earnings.

Investment objective

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

Fund facts

Fund AUM ($M)	377.36

Portfolio managers

Grant Jackson, James Cowen, Kevin Collins, PingYing Wang

Manager perspective and outlook

- Trade tensions have created economic and capital market instability and the possibility of renewed inflation in the short term. Should changing global trade costs cause economic weakness, central banks retain the scope to implement accommodative interest rate policies in response to materially negative demand and consumption.
- Capital market expectations still call for gently declining interest rates and modest growth. We believe that environment should offer improving real estate investment opportunities. Listed real estate companies with favorable capital costs relative to their private real estate peers, that also have strong operating platforms, are most likely in our view to find attractive investment opportunities as a new real estate cycle begins.
- Ultimately, we believe future real estate valuations will largely be determined by capital market conditions and prospects for cash flow growth. Real estate returns are more likely to be positive when supply of new real estate has been limited, and this has been the case for many property types where supply has been curtailed since the pre-COVID period. 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 provides a structural tailwind.

Top issuers

(% of total net assets)

	Fund	Index
Welltower Inc	6.59	5.41
Prologis Inc	5.09	5.92
Equinix Inc	4.55	4.50
Simon Property Group Inc	4.52	3.08
Digital Realty Trust Inc	3.76	2.72
American Homes 4 Rent	3.61	0.73
Mitsui Fudosan Co Ltd	3.10	1.40
Public Storage	2.57	2.71
First Industrial Realty Trust Inc	2.27	0.41
Realty Income Corp	2.13	2.90

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Asset mix (%)

Dom Common Stock	53.42
Intl Common Stock	25.14
CMO - Non Agency	13.92
Dom Preferred Stock	5.84
Cash	1.67

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 79% real estate equities, 14% CMBS, 6% preferred securities, 0% corporate bonds and 1% cash.

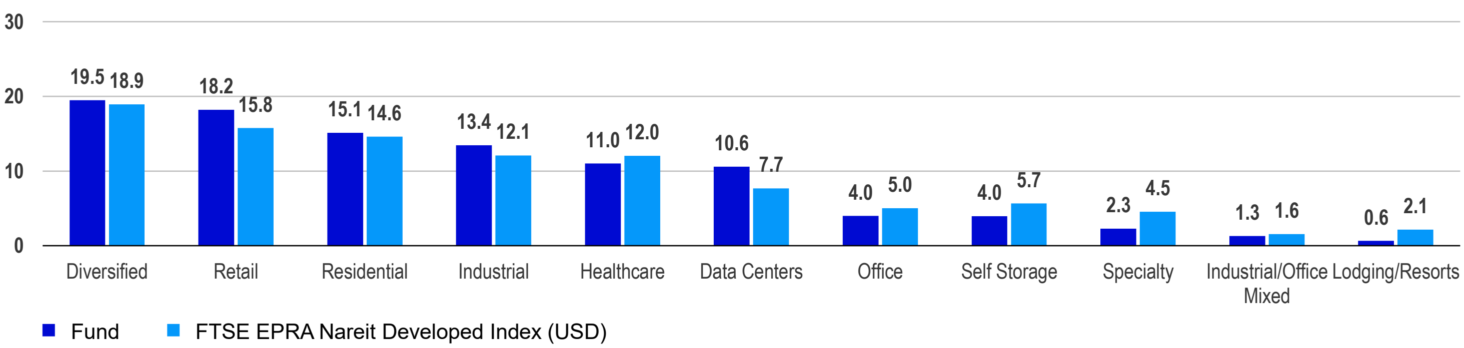
Relative to the fund's average positioning in the past, it now has greater exposure to real estate common equities, based on our view that real estate markets are entering a recovery phase where investors are likely to reward equity risk with returns that are higher than those from relatively more stable real estate fixed income investments. We believe real estate equity returns should 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 to us. The most significant underweights are in specialty, retail 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 allocations to real estate common equity and real estate fixed income remained static. Among real estate common equity positions, we reduced exposure to more cyclical real estate property types and markets. In terms of sectors, we added to US gaming and industrial real estate. We reduced exposure to US lodging and residential (both multi-family and single-family rental). In Asia, we added exposure to Japanese developers and in Hong Kong we rotated away from real estate development focused companies to income focused companies. In Europe, we added exposure to data center opportunities in southern Europe.

Sector breakdown (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Welltower Inc.	22.10	1.16
Mitsui Fudosan Co., Ltd.	12.06	0.33
Prologis, Inc.	6.55	0.23
Unibail-Rodamco-Westfield SE Stapled Secs Cons of 1 Sh Unibail Rodamco + 1 Sh WFD Unib Rod	11.30	0.21
Realty Income Corporation	10.20	0.19

Top detractors (%)

Issuer	Return	Contrib. to return
Digital Realty Trust, Inc.	-18.58	-0.79
Equinix, Inc.	-13.08	-0.67
Goodman Group	-18.37	-0.39
Vornado Realty Trust	-12.36	-0.24
LEG Immobilien SE	-16.62	-0.24

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 debt holdings and its stock selection among real estate equities detracted from relative return.

Contributors to performance

The fund benefited from its allocation to Europe where cyclical exposures in the retail and industrial segments delivered good performance driven by rising risk appetites for the region. The fund also benefited from its underweights in US lodging and offices, which were affected by worsening economic sentiment.

Top individual contributors to return included **Welltower** and **Mitsui Fudosan.** Welltower, a health care REIT, benefited from the strategic acquisition of a senior housing portfolio announced early in the quarter. Additionally, the health care sector was supported by growing demand and limited new supply. **Mitsui Fudosan,** which develops and operates office, retail, logistics, hotel and residential assets primarily in central Tokyo, delivered a good relative return in January.

Detractors from performance

Security selection in real estate common equity was the largest detractor from relative return during the quarter. The allocation to real estate fixed income also detracted from results relative to the all-equity benchmark. The fund's holdings of CMBS and preferred shares had an overall positive absolute return, but did not outpace the performance of real estate common equities. The weakest performing preferred holdings were in the lodging and single-family rental segments.

Geographically, stock selection among real estate common equities in the US, Sweden and Australia detracted from results. In Sweden, higher leveraged real estate was affected by negative sentiment toward interest rate sensitive real estate equities. In Australia, underweights in a number of diversified REITs detracted as the stocks rallied when year-end earnings reports beat consensus expectations. In the US, an overweight in data centers (through holdings in **Equinix** and **Digital Realty Trust**) was disadvantageous as investors appeared to question long-term data storage needs. Additionally, exposures to US office and shopping center REITs lagged. An underweight in US gaming REITs also detracted due to a market move toward more defensive real estate near the end of the quarter.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 05/31/02	NAV	0.29	0.29	-0.56	-3.53	4.93	2.05	6.27
	Max. Load 5.5%	-5.22	-5.22	-6.07	-5.34	3.75	1.48	6.00
Class R6 shares inception: 09/24/12	NAV	0.44	0.44	0.01	-3.13	5.37	2.47	3.58
Class Y shares inception: 10/03/08	NAV	0.36	0.36	-0.19	-3.27	5.24	2.32	5.14
Custom Global Real Estate Income Index		1.59	1.59	3.90	-4.28	6.22	1.99	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	80% (138 of 168)	40% (56 of 165)	75% (122 of 161)	68% (88 of 123)	-

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 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.

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	86	361
Wtd. avg. mkt. cap ($M)	36,684	30,390
Top 10 issuers (% of AUM)	36.66	33.01
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 (%)	-0.71	0.00
Beta	0.78	1.00
Sharpe ratio	0.16	0.20
Information ratio	-0.26	0.00
Standard dev. (%)	14.55	18.29
Tracking error (%)	4.95	0.00
Up capture (%)	67.14	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	0.08	0.00	0.08
Data Centers	-0.07	-0.03	-0.10
Diversified	-0.09	-0.28	-0.37
Healthcare	-0.43	0.19	-0.24
Industrial	-0.08	0.02	-0.06
Industrial/Office Mixed	-0.01	0.04	0.03
Infrastructure	0.00	0.00	0.00
Lodging/Resorts	0.21	0.15	0.36
Office	0.11	-0.17	-0.06
Preferreds	-0.25	0.00	-0.25
Residential	-0.11	-0.21	-0.32
Retail	0.00	-0.24	-0.24
Self Storage	0.03	0.00	0.03
Specialty	0.08	-0.06	0.02
Cash	0.00	0.00	0.00
Total	**-0.17**	**-0.95**	**-1.12**

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 analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Australia	0.10	3.43	-10.55
France	0.07	1.98	12.66
United Kingdom	0.07	3.08	8.00
Czech Republic	0.07	0.48	16.28
Israel	0.06	0.00	0.00

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-0.65	73.96	0.24
Japan	-0.28	6.64	10.35
Germany	-0.13	2.22	-15.20
Sweden	-0.13	1.54	-10.00
Switzerland	-0.12	0.00	0.00

Unless otherwise specified, all information is as of 03/31/25. 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

 Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.