

Invesco Global Real Estate Income Fund

Q4 2023

Key takeaways

- 1 The fund delivered a positive absolute return but underperformed its benchmark**
The fund underperformed its equity-only benchmark, the FTSE EPRA Nareit Developed Index, due to the fund's allocation to real estate debt where returns lagged the rally in real estate stocks.
- 2 The fund is positioned for stable growth**
The fund's equity portfolio balances structural growth opportunities and cyclical property types trading at reasonable valuations. The fund's debt exposure remains anchored in CMBS due to, what is in our view, attractive relative value within the real estate capital structure.
- 3 REITs appear attractive, but economic conditions remain challenging**
Relative to general equities, listed real estate has historically delivered strong returns after US Federal Reserve (Fed) rate hikes end, as interest rate sensitive sectors draw investor attention.

Investment objective

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

Fund facts

Fund AUM (\$M)	647.56
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Portfolio managers

Darin Turner, Grant Jackson,
James Cowen, Ping-Ying Wang

Manager perspective and outlook

- Falling interest rates, stable growth and higher risk appetite drove global REITs to their highest quarterly return since 2010.
- Global REIT performance was led by Europe, followed by select US sectors, including mall, office, tower and self-storage. In Europe, highly leveraged REITs in Sweden, Spain and Germany delivered the largest gains. Asian real estate delivered modest returns, with the largest gains coming from Japanese developers.
- The prospect of easing financial conditions is a notable positive for real estate asset values and is likely, in our opinion, to outweigh the effects of slower earnings growth resulting from orderly deceleration in the economy. Earnings growth has remained positive and is unlikely in our view to offer surprises as fundamental trends have been stable and interest expense may decline.
- In debt markets, global real estate corporate bonds and US REIT preferred shares are expected to move in lockstep with general corporate fixed income markets. However, we believe performance of US commercial mortgage-backed securities (CMBS) will likely diverge further due to poor office market fundamentals and medium-term concerns about financing and transaction markets, potentially setting the stage for outsized CMBS returns over the longer term. Across the real estate debt markets, we seek to prioritize opportunities that have high potential upside should the Fed move toward interest rate cuts.



For more information, including prospectus and factsheet, please visit [Invesco.com/ASRAX](https://www.invesco.com/ASRAX)

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained.

Not a Deposit Not FDIC Insured Not Guaranteed by the Bank May Lose Value
Not Insured by any Federal Government Agency

Top issuers

(% of total net assets)

	Fund	Index
Prologis Inc	6.08	7.48
Public Storage	3.89	2.90
Healthpeak Properties Inc	3.70	0.66
Rexford Industrial Realty Inc	3.33	0.72
Alexandria Real Estate Equities Inc	3.26	1.32
VICI Properties Inc	3.22	2.00
Sun Communities Inc	3.05	1.00
Vonovia SE	2.42	1.33
Mitsui Fudosan Co Ltd	2.11	1.33
UMH Properties Inc	1.98	0.00

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

Asset mix (%)

Dom Common Stock	38.58
Intl Common Stock	25.96
CMO - Non Agency	19.30
Dom Preferred Stock	6.73
Dom Corporate Bond	2.91
Other	1.45
Cash	5.08

Portfolio positioning

At quarter end, the fund's allocation is 65% real estate equities, 20% CMBS, 7% preferreds, 3% corporate bonds and 5% cash. During the quarter, the fund's equity exposure increased and debt exposure decreased. The fund's fixed income exposure is viewed as attractive, reflecting a robust opportunity set driven by its relative value within the real estate capital structure. The equity portfolio has overweights in industrials, infrastructure, self-storage and specialty sectors.

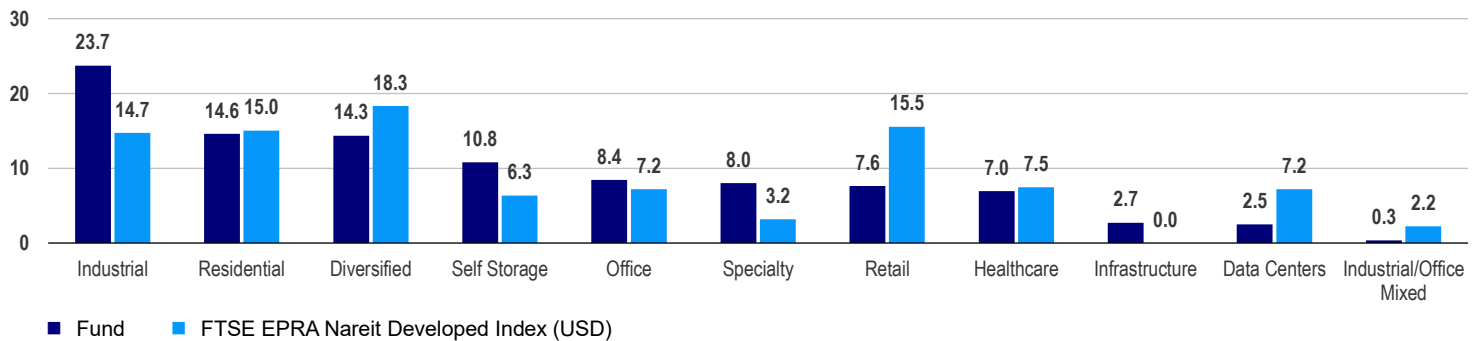
Real estate equity exposure is positioned for stable growth with more favorable long-term fundamentals and better tenant health. The fund is generally underweight in consumer-facing, economically sensitive REITs and sectors experiencing structural headwinds.

The fund's largest equity overweights are in infrastructure and industrial REITs, where structural demand trends have remained broadly intact with good earnings growth anticipated. In contrast, the fund is underweight retail REITs, reflecting our view that cyclical headwinds are likely to add to structural challenges hampering landlord pricing power, which is not yet reflected in share price valuations.

On a regional basis, we decreased equity exposure in Japan as believe the country's relative attractiveness has declined after a period of outperformance. The fund's equity exposure in Europe increased. European valuations are discounted and sensitivity to interest rate policy is high, and we believe central banks in the region will be among the first to reduce interest rates.

The fund's largest debt exposure is in CMBS where we have continued to add to data center and cold storage single asset single borrower (SASB) CMBS bonds at what we consider attractive prices. During the quarter, the team added a Las Vegas-based US luxury hotel SASB bond to the fund and trimmed a SASB self-storage CMBS bond. Overall, the team believes the best CMBS opportunities are likely to be in the data center, cold storage, luxury lodging and life science sectors, which command pricing power of rental rates and have limited economic sensitivity.

Sector breakdown (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Prologis, Inc.	19.56	1.08
Alexandria Real Estate Equities, Inc.	27.89	0.81
Vonovia SE	30.54	0.72
Public Storage	17.01	0.65
SEGRO plc	28.69	0.52

Top detractors (%)

Issuer	Return	Contrib. to return
Chartwell Retirement Residences	-2.21	-0.02
BX 2021-MFM1 BX 2021-MFM1 E	-0.05	-0.01
CSMC 2021-BHAR CSMC 2021-BHAR E	-0.91	-0.01
MORGAN STANLEY CAPITAL I TRUST 2018-SUN MSC 2018-SUN F	-0.19	0.00
Rexford Industrial Realty Inc 5.625 % Cum Conv Red Perp Pfd Registered Shs Series C	1.23	0.00

Performance highlights

The fund had a strong absolute return but underperformed its equity-only benchmark. The fixed income sleeve was the largest detractor from relative return, while the equity sleeve had positive relative results, primarily due to strong security selection.

Contributors to performance

The equity portion outperformed as sector gains were led by data centers, health care, self-storage and residential. The fund's health care selection benefited from improved outlook and operational performance from North American senior housing and medical office property types. In the residential sector, overweights in US and European multi-family housing stocks outperformed as their discounts to private market valuations closed and fundamental outlooks improved. The fund's Asia Pacific exposure outperformed on a relative basis. An underweight and security selection in Hong Kong led results, with retail and office owner **Link REIT** outperforming. An underweight and security selection in Japan also added to relative results. Japan delivered a positive absolute return but lagged the global REIT index as optimism toward the country cooled, likely due to pressure on Japan's central bank to tighten monetary policy. Security selection in Canada added to relative return, with holdings in self-storage and health care outperforming. Top absolute contributors among the fund's debt holdings included long-duration, fixed-rate SASB CMBS bonds. These bonds

outperformed, with returns ranging from 6.15% to 14.94% for the quarter. Other notable contributors included US-based preferred holdings in single-family homes and hotels.

Detractors from performance

Top detractors from relative return included underweights in cyclically oriented and deep-value sectors, including retail (US malls and triple net lease) and lodging (US luxury). Outperformance of the retail and lodging sectors primarily resulted from improved risk appetites, lower interest rate outlooks and investor optimism, which unexpectedly improved during the quarter. On a regional level, an underweight in Europe was a notable underperformer relative to the benchmark. In Europe, real estate securities that typically operate with higher leverage benefited from expectations for an end to interest rate increases and possible beginning of rate cuts. The fund's underperformance specifically resulted from an underweight in Sweden, where real estate securities have the highest debt levels in the region. Underperformance in the debt sleeve mainly resulted from yield curve movements that affected durations longer than three years. In US CMBS, the top detractors were found among SASB CMBS bonds with floating interest rates, which lagged due to their short durations. The fund's fixed rate corporate bonds had positive returns but mildly lagged due to holdings that were shorter in duration.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 05/31/02	NAV	12.62	11.86	11.86	2.00	3.63	3.94	6.76
	Max. Load 5.5%	6.42	5.73	5.73	0.08	2.47	3.36	6.48
Class R6 shares inception: 09/24/12	NAV	12.75	12.34	12.34	2.41	4.06	4.37	4.16
Class Y shares inception: 10/03/08	NAV	12.58	12.19	12.19	2.26	3.90	4.20	5.71
Custom Global Real Estate Income Index		15.29	9.67	9.67	1.18	2.81	3.57	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	26% (53 of 193)	35% (56 of 179)	51% (105 of 179)	51% (63 of 118)	-

Expense ratios per the current prospectus: Class A: Net: 1.21%, Total: 1.21%; Class R6: Net: 0.82%, Total: 0.82%; Class Y: Net: 0.96%, Total: 0.96%.

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 (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	14.29	-1.38	4.96	8.77	-4.33	18.67	-5.09	19.97	-20.93	11.86
Class R6 shares at NAV	14.89	-1.10	5.40	9.23	-3.91	19.19	-4.69	20.45	-20.63	12.34
Class Y shares at NAV	14.61	-1.15	5.23	9.06	-4.11	19.02	-4.86	20.22	-20.71	12.19
Custom Global Real Estate Income Index	15.02	-0.79	4.06	10.36	-5.63	21.91	-9.04	26.09	-25.09	9.67

Portfolio characteristics*

	Fund	Index
No. of holdings	89	369
Wtd. avg. mkt. cap (\$M)	28,811	27,256
Top 10 issuers (% of AUM)	33.07	31.35
Earnings multiple	17.60	17.40
Expected earnings growth (%)	1.38	1.34
Multiple to growth ratio	12.76	13.05
Leverage (%)	31.01	33.02

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.66	0.00
Beta	0.78	1.00
Sharpe ratio	0.11	0.04
Information ratio	0.15	0.00
Standard dev. (%)	16.56	20.87
Tracking error (%)	5.41	0.00
Up capture (%)	69.23	100.00
Down capture (%)	86.59	100.00
Max. drawdown (%)	24.16	32.15

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
CMBS	-2.91	0.00	-2.91
Corporate Bond	-0.30	0.00	-0.30
Data Centers	0.34	0.05	0.39
Diversified	0.33	-0.13	0.20
Healthcare	0.21	0.01	0.22
Industrial	0.02	0.01	0.03
Industrial/Office Mixed	-0.17	-0.01	-0.18
Infrastructure	0.23	0.00	0.23
Lodging/Resorts	-0.11	0.00	-0.11
Office	-0.05	0.58	0.53
Preferreds	-0.52	0.00	-0.52
Residential	0.21	0.68	0.90
Retail	-0.52	-0.25	-0.77
Self Storage	0.21	-0.13	0.08
Specialty	-0.08	0.20	0.12
Cash	-0.85	0.00	-0.85
Total	-6.09	3.15	-2.94

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
Japan	0.74	4.74	10.10
Hong Kong	0.45	2.95	12.78
Canada	0.32	3.34	23.77
Germany	0.29	4.25	28.87
United Kingdom	0.25	4.57	30.27

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-3.24	69.34	11.24
Sweden	-0.46	0.00	0.00
China	-0.18	1.25	1.80
France	-0.14	0.00	0.00
Belgium / Luxembourg	-0.09	0.54	14.75

Unless otherwise specified, all information is as of 12/31/23. 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.

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.