

Invesco U.S. Real Estate Securities SMA

Fourth quarter

Fact Sheet: Separately Managed Accounts
Dec. 31, 2023



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.

Current portfolio positioning

A surprising dovish evolution in US Federal Reserve (Fed) policy expectations ignited risk appetites and drove strong investor returns in listed real estate markets. Lower interest rates with the prospect of stable growth drove the highest quarterly returns for US real estate investment trusts (REITs) since 2009. Market participants recognized improving inflation results and stable economic conditions in the US, which were met with dovish commentary by the Fed, and set the tone for increased risk appetite across capital markets during the quarter. The latest communications from the Fed suggested that further policy tightening is unlikely and interest rate cuts may be warranted if the current trend of declining inflation continues. With the prospect of persistently higher interest rates dramatically reduced, investors shifted focus to the ultimate beneficiaries of future rate cuts. Performance for US REITs was led by certain cyclically exposed and rate-sensitive sectors like malls, office, towers and self-storage, while more defensive sectors like health care, single-family rentals, casinos and data centers underperformed. The strong performance of REITs has closed the discount to net asset value (NAV) and the sector now trades just above parity.

Relative performance was negative in a period of historically strong absolute returns. Portfolio positioning favored durable growth sectors with lower economic sensitivity, which was inconsistent with the robust growth environment that came to pass. The portfolio had overweight exposure to the durable cash flows of gaming, health care and triple net REITs, which all underperformed. Investor expectations for cash flow growth and leasing opportunities did not change during the period, but risk appetites, interest rate outlooks and investor optimism unexpectedly accelerated. Optimism over slowing inflation and the end of Fed rate hikes also increased investor appetite for the more cyclically exposed lodging, self-storage and mall REITs, which outperformed and drove additional underperformance.

The portfolio continues to strike a balance between structural growth opportunities and cyclical property types at reasonable valuations. The portfolio offers overweight exposures across structural growth opportunities, some defensive property types with more income durability, and some cyclical property types where valuations have become attractive. Key overweight exposures include health care, towers, and specialty sectors such as billboard and timber. The portfolio generally carries underweight exposure toward consumer-facing, economically sensitive REITs and sectors facing structural headwinds such as retail, single-family rental and office REITs.

While some economic deceleration is contemplated in forecasts, operating conditions may be improving for real estate property types associated with the US housing sector, which is expected to achieve some positive stabilization from interest rate relief and reaccelerating demand. Timber, senior housing and self-storage sectors should derive favorable demand trends from the improved housing market. A stable business investment environment should follow from improving capital market conditions and improve demand prospects for the industrial, life science and billboards sectors. Moderating employment growth and decreasing consumer activity are likely to reduce tenant demand in cyclically exposed real estate such as retail, lodging and offices. Secular tailwinds in the data center sector are expected to continue, although current share prices likely reflect the growth opportunity. Public REITs with favorable cost of capital relative to private peers combined with strong operating platforms are most likely to find attractive investment opportunities. Historically, these opportunities have been most common in the industrial, self-storage, health care, billboard and life science sectors.

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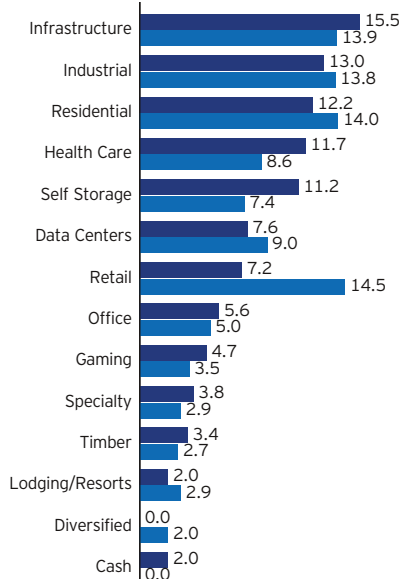
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The GIPS® Composite Report is located on the last page.

Sector weightings (% of total net assets)



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

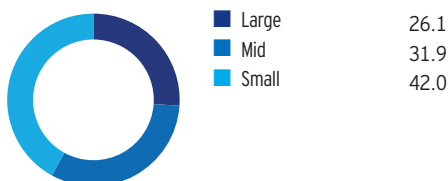
Portfolio information contained above was compiled from Invesco Internal Management Sources.

Portfolio characteristics

	Portfolio	FTSE NAREIT All Equity REITs Index
Number of Holdings	32	140
Average Market Cap (\$M)	\$26,750	\$9,208
FFO (Cash Flow) Multiple	18.2x	17.8x
FFO Expected Growth	2.30%	0.90%
Multiple to Growth Ratio	8.02x	18.96x
Dividend Yield	3.79%	3.96%
Dividend Coverage	1.56x	1.56x
Dividend Payout	64.2%	64.2%
Turnover (TTM)	70.79%	N/A

Portfolio characteristics are based on a representative account of the strategy and are subject to change.

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.

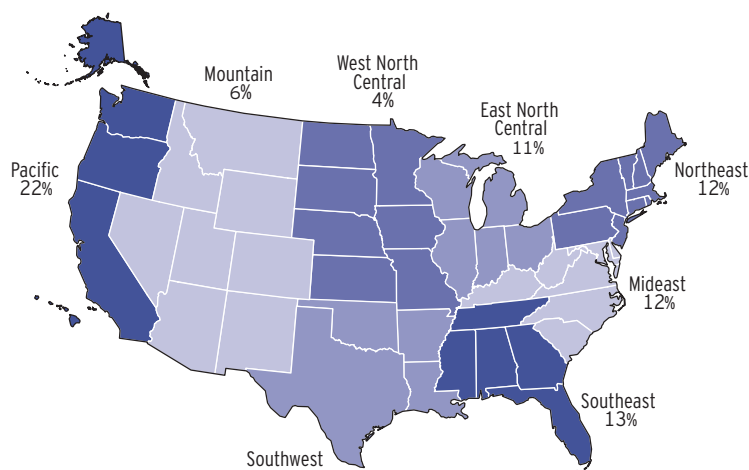
Performance characteristics (Five year)

Beta (vs. FTSE NAREIT All Equity REITs Index)	0.99
R ² (vs. FTSE NAREIT All Equity REITs Index)	0.99

Asset allocation

	6/30/23	9/30/23	12/31/23
Stocks	97.90%	97.71%	97.96%
Cash/Other	2.10%	2.29%	2.04%

Regional Diversification



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All data as of Dec. 31, 2023

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. ■ ©2023 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) 2021. 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.

Top quarterly contributors to /detractors from performance

Top 5 contributors	Average weight (%)
American Tower Corporation	8.70
Welltower Inc.	8.00
Prologis, Inc.	4.80
Alexandria Real Estate Equities, Inc.	2.90
Lamar Advertising Company	2.20

For more information on the calculation methodology 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 is not a guarantee of future results. Top 5 contributors and detractors are sorted and shown in order of the security's contribution to, or deduction from, the overall performance of the portfolio for the quarter. The average weight is also shown for each of these top 5 holdings.

Top 5 detractors	Average weight (%)
Realty Income Corporation	3.90
Healthpeak Properties, Inc.	3.50
Agree Realty Corporation	2.80
Crown Castle Inc.	2.50
Kilroy Realty Corporation	1.30

Quarterly returns

Period	"Pure" gross return* (%)	Net return (%)	FTSE NAREIT All Equity REITs Index Return (%)
YTD	9.72	6.49	11.36
4Q23	16.36	15.53	17.98
3Q23	-8.12	-8.83	-8.33
2Q23	0.20	-0.55	1.20
1Q23	2.42	1.66	1.74

Returns less than one year are not annualized.

* "Pure" gross of fees returns do not reflect the deduction of trading costs or any other expenses, and are supplemental to net returns. See note 5 on page 4.

Annualized compound returns**as of Dec. 31, 2023**

Period	"Pure" gross return* (%)	Net return (%)	FTSE NAREIT All Equity REITs Index Return (%)
1 Year	9.72	6.49	11.36
3 Year	5.96	2.83	5.70
5 Year	6.73	3.59	7.59
10 Year	7.57	4.40	7.95
Since Inception (5/1/97)	9.83	6.61	8.91

Sample portfolio**Top 10 holdings**

Ticker	Security	Sector	% of total net assets
1. AMT US	American Tower Corp	Specialized REITs	9.00
2. EXR US	Extra Space Storage Inc	Specialized REITs	6.89
3. WELL US	Welltower Inc	Health Care REITs	6.82
4. SBAC US	SBA Communications Corp	Specialized REITs	4.93
5. UDR US	UDR Inc	Residential REITs	4.81
6. REXR US	Rexford Industrial Realty Inc	Industrial REITs	4.74
7. DLR US	Digital Realty Trust Inc	Specialized REITs	4.43
8. O US	Realty Income Corp	Retail REITs	3.83
9. PLD US	Prologis Inc	Industrial REITs	3.66
10. ARE US	Alexandria Real Estate Equities Inc	Office REITs	3.64

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 above and represent 53% of total holdings. **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.**

Invesco U.S. Real Estate Securities SMA Wrap composite as of Dec. 31, 2022

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
2022	-23.79	-26.10	-24.95	0.53	21.91	22.51	520	142	865	100
2021	42.27	38.18	41.30	0.38	18.31	18.58	770	274	975	100
2020	-9.86	-12.56	-5.12	0.93	17.98	18.46	781	207	876	100
2019	29.18	25.43	28.66	0.30	11.23	11.72	1,047	313	826	100
2018	-4.45	-7.29	-4.04	0.28	12.40	12.99	1,178	304	579	100
2017	9.86	6.63	8.67	0.24	12.31	12.69	1,317	407	660	100
2016	6.97	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	25.84	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

Annualized compound returns as of Dec. 31, 2022

Period	"Pure" gross return* (%)	Net return (%)	FTSE NAREIT All Equity REITs Index Return (%)
1 Year	-23.79	-26.10	-24.95
3 Year	-0.76	-3.71	0.20
5 Year	3.82	0.75	4.43
10 Year	6.87	3.72	7.10
Since Inception (5/1/97)	9.83	6.60	8.81

Returns less than one year are not annualized.

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

1. 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 1st January 2003 through 31st December 2022. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
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3. The Invesco U.S. Real Estate Securities SMA Wrap Composite includes all discretionary, fee-paying wrap accounts styled after the Invesco U.S. Real Estate Securities SMA Model Portfolio, which utilizes fundamental real estate analysis, securities analysis and risk management practices to manage real estate securities portfolios. 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 is managed in comparison to, not duplication of, the benchmark. The composite was created in May 1997.
4. The FTSE NAREIT All Equity REITs Index is an unmanaged index considered representative of US REITs.
5. "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 up to a maximum investment advisory fee of 0.75%). 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.
6. The dispersion of annual "pure" gross returns is measured by the equal-weighted standard deviation of account's "pure" gross returns included in the composite for the full year. For periods with five or fewer accounts included for the entire year, dispersion is not presented as it is not considered meaningful. The three-year annualized ex-post standard deviation measures the variability of the monthly "pure" gross returns of the composite and the benchmark over the preceding 36 months. The standard deviation is not presented where there is less than 36 months of performance history. 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.
7. All returns are expressed in U.S. dollars and are gross of nonreclaimable withholding tax, if applicable.
8. The following are available on request: Policies for valuing investments, calculating performance and preparing GIPS reports; List of composite descriptions; List of limited distribution pooled fund descriptions; List of broad distribution pooled funds.

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All data as of Dec. 31, 2023

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