

Invesco Real Estate Fund

Q1 2026

Key takeaways

- 1 The fund delivered a positive absolute return but underperformed its benchmark**
Underperformance stemmed from a combination of stock selection and sector allocation but was led by stock selection in the free-standing sub-sector.
- 2 The fund emphasizes durable growth themes**
Positioning is led by an overweight in data centers and selective exposure to health care, retail and office REITs where valuations are compelling to us. We reduced exposure to more cyclical and supply-sensitive sectors in an effort to manage risk amid elevated uncertainty.
- 3 Concerns about inflation persistence, and higher funding costs appeared to weigh on REIT valuations**
Escalation of the Middle East conflict and higher oil prices have in our view reinforced an uncertain macroeconomic environment in the near term.

Investment objective

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

Fund facts

Fund AUM (\$M)	644.83
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Portfolio managers

Craig Leopold, Grant Jackson, PingYing Wang

Manager perspective and outlook

- We believe escalation of the Middle East conflict and higher oil prices have reinforced an uncertain near-term macroeconomic environment characterized more by inflation volatility and moderating growth than by a classic demand slowdown. Central banks appear inclined to be patient while watching inflation data for now. Tighter financial conditions reflect in our view higher inflation expectations and higher yields on longer term bonds rather than stronger real growth. We believe this environment favors real assets with visible cash flows and stocks with company-specific catalysts.
- Elevated energy costs appear to have weighed on broader sentiment toward equities, particularly in cyclical and globally exposed sectors. By contrast, listed real estate has benefited from an apparent rotation toward stability, with US-oriented REITs showing resilience as a base case growth outlook supports rents and occupancies. Higher operating costs have appeared manageable, given apparent investor demand for dividend yield and conservative balance sheets. We expect structural demand and pricing power to support data centers and shopping centers, while senior housing stands out to us as a compelling growth area fueled by accelerating aging demographics and constrained new supply that could drive multi-year occupancy and profit margin recovery.



Top issuers

(% of total market value)

	Fund	Index
Welltower Inc	10.34	9.86
American Tower Corp	8.38	5.85
Prologis Inc	7.69	8.89
Digital Realty Trust Inc	6.66	4.49
Equinix Inc	6.33	6.94
Simon Property Group Inc	5.05	4.38
Extra Space Storage Inc	4.35	2.00
WP Carey Inc	3.79	1.07
Omega Healthcare Investors Inc	3.14	0.94
Iron Mountain Inc	3.12	2.17

As of 03/31/26. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

The fund remains broadly diversified. Positioning reflects a preference for sectors offering durable or structural growth characteristics, including data centers and health care, alongside selective exposure to retail and office REITs where valuations and cash flow visibility are in our view compelling. We have reduced exposure to specialty and other more cyclical segments.

Data centers remained a core overweight in the fund, reflecting their durable long-term demand drivers, including continued cloud adoption, artificial intelligence workloads and expansion of digital infrastructure. We maintained the fund's data center exposure and selectively increased it where valuations and cash flow visibility remained in our view attractive, reinforcing the group's role as a structural growth component within listed real estate.

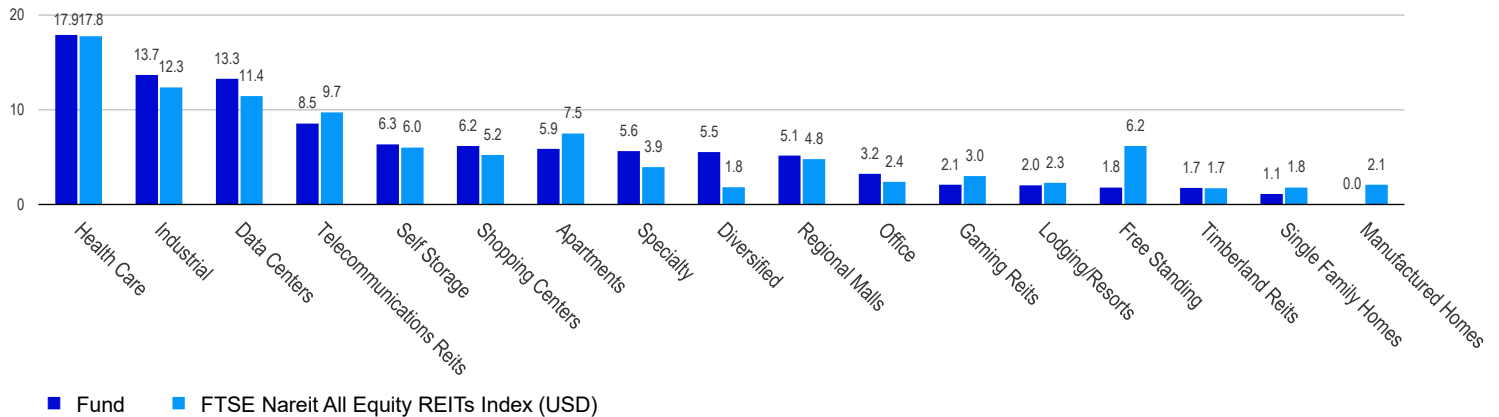
We also selectively increased exposure to the retail sector, with particular emphasis on shopping centers. These assets have continued to benefit from constructive supply-demand fundamentals, tenants serving consumers' daily needs, and resilient consumer traffic patterns. We made opportunistic additions in areas where valuations were in our view compelling and operating fundamentals have appeared to remain supportive.

We added incremental exposure to the office sector, where depressed valuation levels and early signs of stabilization in select markets in our view supported increases. While fundamentals in the office sector have remained challenged, we targeted positions where we considered asset quality, balance sheet strength and pricing attractive relative to long-term prospects. We made smaller increases across health care, based on relatively defensive cash flows.

We partially funded these additions through reductions in other areas. We trimmed residential exposure, including both multi-family and single-family rental allocations, as risk-reward dynamics appeared to shift amid softer labor market data and increased economic uncertainty. We reduced exposure to the specialty sector following a period of strong relative performance. Further reductions occurred across self-storage and hotels, as we sought to limit exposure to supply-sensitive and more economically cyclical segments given seemingly elevated uncertainty and moderating growth expectations.

We maintained the fund's underweights in retail, self-storage and office REITs, reflecting unfavorable relative value assessments given softer growth prospects and ongoing sector-specific pressures.

Sector breakdown (% of total market value)



Top contributors (%)

Issuer	Return	Contrib. to return
Equinix, Inc.	28.46	1.30
Digital Realty Trust, Inc.	17.29	0.99
Iron Mountain Incorporated	24.16	0.68
Welltower Inc.	6.66	0.56
Prologis, Inc.	4.37	0.38

Top detractors (%)

Issuer	Return	Contrib. to return
Crown Castle Inc.	-10.23	-0.46
Camden Property Trust	-10.36	-0.29
Vornado Realty Trust	-21.92	-0.24
BXP, Inc.	-18.71	-0.23
UDR, Inc.	-6.82	-0.23

Performance highlights

The fund's underperformance was primarily due to stock selection, particularly within the free-standing sector, where an underweight also detracted from relative return. Stock selection in office and self-storage REITs also detracted from relative return. These headwinds were partially offset by positive contributions from overweights in data centers, industrial and specialty REITs, which added to relative return during the quarter.

Contributors to performance

The specialty segment was the largest contributor to relative performance, benefiting from both favorable stock selection and an overweight. Performance within this sector was led by **Iron Mountain**, which continued, in our view, to demonstrate resilient fundamentals. Positioning within gaming REITs added to relative return, driven by the fund's holding in **Gaming and Leisure Properties**, which outperformed VICI Properties (not a fund holding) during the quarter.

The industrial sector also added to relative results, driven primarily by individual holdings, including **EastGroup Properties**. Not holding certain industrial stocks that faced fundamental challenges was also advantageous. In particular, having no exposure to **Rexford Industrial** was beneficial as the company appeared to face pressures related to its Southern California market concentration, softer forward guidance, declining occupancy and post-pandemic rent normalization. Similarly,

having no exposure to **Americold** added value given its weaker operating fundamentals.

Data centers also supported relative return, led by **Digital Realty**. The sector benefited from seemingly improving investor sentiment as valuations stabilized and began to recover following earlier periods of pressure.

Detractors from performance

Within retail REITs, underperformance primarily resulted from an underweight in free standing REITs, notably not holding **Realty Income**. Free standing REITs were among the better performing areas of the market. An underweight in triple-net real estate detracted from relative return as investors appeared to favor the segment for its defensive characteristics, stable cash flows and income visibility, despite its more limited growth profile.

The office sector also detracted from relative results as an overweight position appeared to weigh on performance amid persistently weak fundamentals and seemingly subdued investor sentiment. Overweights in office REITs **Vornado** and **Cousins Properties** were the largest individual detractors within the sector. Also, more challenged sectors, such as self-storage, faced headwinds as companies lowered their earnings guidance due to reduced leasing visibility and softer trends for same-store net operating income.

Standardized performance (%) as of March 31, 2026

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 12/31/97	NAV	3.31	3.31	0.97	3.75	2.21	3.62	7.72
	Max. Load 5.5%	-2.36	-2.36	-4.61	1.82	1.06	3.03	7.51
Class R6 shares inception: 09/24/12	NAV	3.43	3.43	1.43	4.21	2.66	4.09	5.73
Class Y shares inception: 10/03/08	NAV	3.38	3.38	1.17	4.00	2.45	3.87	6.47
FTSE Nareit All Equity REITs Index (USD)		3.76	3.76	3.28	6.81	3.95	5.56	-
Total return ranking vs. Morningstar Real Estate category (Class A shares at NAV)		-	-	77% (158 of 207)	92% (187 of 197)	84% (170 of 190)	79% (126 of 149)	-

Expense ratios per the current prospectus: Class C: Net: 1.38%, Total: 1.38%; Class A: Net: 1.38%, Total: 1.38%; Class R6: Net: 0.95%, Total: 0.95%; Class Y: Net: 1.13%, Total: 1.13%.

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 source: 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.

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 sales charges, 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 (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	5.80	8.43	-5.66	27.78	-10.77	40.99	-24.80	8.75	1.74	-0.20
Class R6 shares at NAV	6.28	8.96	-5.20	28.32	-10.32	41.60	-24.49	9.21	2.20	0.25
Class Y shares at NAV	6.06	8.66	-5.38	28.11	-10.58	41.38	-24.63	9.04	1.99	-0.01
FTSE Nareit All Equity REITs Index (USD)	8.63	8.67	-4.04	28.66	-5.12	41.30	-24.95	11.36	4.92	2.27

Portfolio characteristics*

	Fund	Index
No. of holdings	33	132
Wtd. avg. mkt. cap (\$M)	51,776	53,709
Top 10 issuers (% of AUM)	58.85	52.91
Earnings multiple	18.70	18.20
Expected earnings growth (%)	7.00	5.70
Multiple to growth ratio	2.66	3.22
Leverage (%)	28.66	29.36

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.70	0.00
Beta	0.97	1.00
Sharpe ratio	-0.06	0.03
Information ratio	-0.93	0.00
Standard dev. (%)	18.39	18.94
Tracking error (%)	1.86	0.00
Up capture (%)	87.92	100.00
Down capture (%)	99.48	100.00
Max. drawdown (%)	31.94	31.37

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Apartments	0.18	-0.13	0.05
Data Centers	0.32	-0.20	0.12
Diversified	0.06	0.04	0.10
Free Standing	-0.20	-0.10	-0.30
Gaming Reits	0.02	0.08	0.10
Health Care	-0.02	0.01	-0.01
Industrial	-0.02	0.18	0.16
Lodging/Resorts	-0.02	-0.08	-0.10
Manufactured Homes	0.02	0.00	0.02
Office	-0.14	-0.06	-0.20
Regional Malls	0.04	-0.04	0.00
Self Storage	-0.01	-0.14	-0.14
Shopping Centers	0.04	0.05	0.09
Single Family Homes	-0.08	-0.01	-0.09
Specialty	0.20	-0.06	0.15
Telecommunications Reits	-0.10	0.04	-0.06
Timberland Reits	0.01	0.04	0.05
Cash	-0.04	0.00	-0.04
Total	0.27	-0.38	-0.11

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.**

Unless otherwise specified, all information is as of 03/31/26. Unless stated otherwise, Index refers to FTSE Nareit All Equity REITs Index (USD).

The FTSE NAREIT All Equity REITs Index is an unmanaged index considered representative of U.S. REITs. An investment cannot be made directly in an index.

About Risk

Stocks of small and mid-sized companies tend to be more vulnerable to adverse developments, may be more volatile, and may be illiquid or restricted as to resale.

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.

Interest rate risk refers to the risk that bond prices generally fall as interest rates rise and vice versa.

The Fund's value may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall or rise sharply at times. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

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.

The Fund is considered non-diversified and may experience greater volatility than a more diversified investment.

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.

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 will incur a loss on a short position, which can be unlimited, if the price of the asset sold short increases from the short sale price. In a rising market, short positions will cause the Fund to underperform the overall market and its peers that do not engage in shorting. If the Fund holds both long and short positions, and they decline simultaneously, the short positions will not provide any buffer from declines in value for the long positions. Some short positions involve leverage, which may exaggerate any losses, potentially more than the actual cost of the investment, and increase the volatility of the Fund's returns.

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.