

Invesco Real Estate Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2019



Investment objective

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

Portfolio management

Paul S. Curbo, Grant Jackson, Joe V. Rodriguez, Jr., Mark Blackburn, James Cowen, Darin Turner, Ping-Ying Wang

Fund facts

Nasdaq A: IARAX C: IARCX
Investor: REINX Y:
IARYX

Total Net Assets	\$1,578,330,476
Total Number of Holdings	60
Annual Turnover (as of 02/28/19)	47%
Distribution Accrual	Quarterly
Distribution Frequency	Quarterly

Top holdings % of total net assets

American Tower	8.69
Crown Castle	6.14
AvalonBay Communities	4.45
Prologis	4.41
Boston Properties	4.29
Ventas	4.16
Equinix	4.15
Essex Property Trust	2.75
HCP	2.72
Simon Property	2.60

Top contributors % of total net assets

1. Crown Castle	6.14
2. Equinix	4.15
3. American Tower	8.69
4. CyrusOne	1.45
5. Prologis	4.41

Top detractors % of total net assets

1. Park Hotels & Resorts	1.02
2. Macerich	1.28
3. Simon Property	2.60
4. Hilton Worldwide	0.00
5. Rayonier	0.49

Market overview

+ The Federal Reserve shifted to a more accommodative monetary policy in response to recent trends of trade uncertainty, growth deceleration and geopolitical volatility. Though the US economy has slowed, it appears sufficiently strong to avoid a downturn. Government bond yields fell, with the US yield curve inverting for brief periods. Over recent months, these conditions have supported the performance of many income-oriented US REIT sectors. US REITs generally had positive returns for the quarter, broadly reflecting

a move by capital market participants to increase exposure to more defensive income-focused investments. Performance of REITs in the data center, manufactured housing, health care and apartment sectors was particularly strong. Toward quarter end, companies that were more deeply undervalued, with lower quality and growth characteristics had the best performance.

+ Equity prices for the US REIT sector ended the quarter trading at a mid-to-high single digit premium compared to underlying net asset value.

Positioning and outlook

+ The portfolio's key overweights were in structural growth opportunities in data centers, infrastructure, manufactured housing and single-family rental residential. We increased exposure to the health care sector based on improving external growth opportunities, primarily from acquisitions. We increased the underweight exposure to the self-storage and retail sectors, reflecting soft growth prospects for these segments. Recent outperformance of these sectors offered the opportunity for further reduction.

growth opportunities. We see internal growth opportunities in sectors with structural demand characteristics that support continued growth, despite the slower economic environment. These include cell towers, data centers, industrial and rental residential real estate. Capital market conditions support prospects for growth through acquisitions in sectors such as health care, industrial, manufactured housing and select apartment and freestanding retail companies. With share prices at a premium to underlying NAV, there appears to be greater potential for merger & acquisition activity across a wide range of sectors. Overall, we are increasing exposure to companies and sectors that should demonstrate higher, more visible and durable levels of growth from both internal and external sources.

+ Fundamental trends across the commercial real estate space have slowed, but stable fundamentals and strong capital markets continue to offer growth from some internal and external prospects. Equity and debt issuance by REITs is funding new

Performance highlights

+ Invesco Real Estate Fund Class A shares at net asset value (NAV) modestly underperformed the FTSE NAREIT All Equity REITs Index during a period of strong positive returns. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

+ The portfolio benefited from security selection in the data center and infrastructure sectors. Overweight exposure to the manufactured homes sector also helped relative return.

+ Infrastructure REIT **Crown Castle International** performed well due to fiscal second quarter results that exceeded analyst expectations. The company expects 7-8% growth in dividends per share. **Crown Castle**, which has been building out small cell nodes for 5G deployment, is experiencing tailwinds from current 4G demand with potential for future demand from 5G expansion.

Detractors from performance

+ Relative detractors included stock selection within the health care, shopping center and office sectors. Given the positive market performance, the fund's cash position detracted from relative return despite low levels of cash holdings during the quarter.

+ **Park Hotels & Resorts** detracted. The lodging REIT sold three hotels recently in its efforts to reduce leverage for its acquisition of Chesapeake Lodging Trust (not a fund holding). Soft results in its New York and Chicago operations affected results, although comparable revenue per available room rose slightly year over year.

Top industries	% of total net assets
Specialized REITs	31.83
Residential REITs	18.64
Retail REITs	11.19
Health Care REITs	10.93
Office REITs	9.01
Industrial REITs	8.68
Hotel & Resort REITs	4.21
Diversified REITs	3.25

Investment results

Average annual total returns (%) as of Sept. 30, 2019

Period	Class A Shares Inception: 12/31/96		Class C Shares Inception: 05/01/95		Investor Class Shares Inception: 09/30/03	Class Y Shares Inception: 10/03/08	Style-Specific Index
	Max Load 5.50%	NAV	Max CDSC 1.00%	NAV	NAV	NAV	FTSE NAREIT All Equity REITs Index
Inception	9.39	9.66	10.50	10.50	10.08	9.57	-
10 Years	11.23	11.86	11.02	11.02	11.86	12.14	13.59
5 Years	8.45	9.69	8.86	8.86	9.71	9.96	11.07
3 Years	5.95	7.97	7.15	7.15	8.01	8.24	9.03
1 Year	12.95	19.54	17.61	18.61	19.63	19.84	20.70
Quarter	1.27	7.15	5.95	6.95	7.18	7.22	7.73

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit invesco.com/performance 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, and you may have a gain or a loss when you sell shares. 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 applicable CDSC or front-end sales charges, which would have reduced the performance. The Investor Class shares have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Returns less than one year are cumulative; all others are annualized. Fund performance reflects any applicable fee waivers and/or expense reimbursements. Had the adviser not waived fees and/or reimbursed expenses currently or in the past, returns would have been lower. See current prospectus for more information. Index returns do not reflect any fees, expenses, or sales charges.

Index source: FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)
Class A Shares	1.27	1.27	Dom Common Stock 97.74
Class C Shares	2.02	2.02	Cash 2.03
Investor Class Shares	1.23	1.23	Other 0.23
Class Y Shares	1.02	1.02	

Per the current prospectus

For more information you can visit us at www.invesco.com/us

Class Y shares and Investor Class shares are available only to certain investors. See the prospectus for more information.

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.

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

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 can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.

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.

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.

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.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their advisors for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

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. Advisors, please contact your home office.

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. Holdings are subject to change and are not buy/sell recommendations.

All data provided by Invesco unless otherwise noted.