

Invesco Real Estate Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of Sept. 30, 2022



Investment objective

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

Portfolio management

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Fund facts

Nasdaq	A: IARAX C: IARCX Investor: REINX Y: IARYX
Total Net Assets	\$1,448,374,696
Total Number of Holdings	39
Annual Turnover (as of 02/28/22)	59%
Distribution Accrual	Quarterly
Distribution Frequency	Quarterly

Top holdings % of total net assets

American Tower	9.19
Prologis	5.70
SBA Communications	4.88
Equinix	4.66
UDR	4.57
Invitation Homes	4.39
AvalonBay Communities	4.31
Crown Castle	3.99
Realty Income	3.91
VICI Properties	3.90

Top contributors % of total net assets

1. Simon Property	0.00
2. VICI Properties	3.90
3. Life Storage	2.68
4. Camden Property Trust	0.00
5. Hilton Worldwide	0.21

Top detractors % of total net assets

1. American Tower	9.19
2. Digital Realty Trust	3.28
3. Equinix	4.66
4. Prologis	5.70
5. Crown Castle	3.99

Not a deposit; Not FDIC insured; Not guaranteed by the bank; May lose value; Not insured by any federal agency

Market overview

- + So far in 2022, the investment environment has evolved from one of low interest rates and robust capital access to one characterized by higher interest rates and tightening financial conditions. Moreover, the Federal Reserve is willing to tolerate negative economic growth and worsening labor market conditions in order to fight inflation.
- + Tighter capital conditions -that is, reduced ability and higher costs to raise funds - have negatively affected equity and debt markets, causing price declines across asset classes, with REITs trading at persistent discounts compared to their net asset values. Negative earnings revisions are likely for companies with existing floating rate loans or significant near-term debt maturities. Companies and property types associated with higher financial leverage, lower internal growth and higher capital expenditures, such as offices, malls and skilled nursing, appear to face significant headwinds.
- + During the quarter, US REITs declined as the market priced in higher expectations for interest rates as well as increased recession risk. Casino, life science and self-storage REITs outperformed, while cold storage, office and data center REITs underperformed.
- + US REITs ended the quarter trading at a roughly 20% discount to net asset value.

Positioning and outlook

- + We have recently made trades that emphasize sectors with more defensive characteristics, for example, additions to triple net, data center, life science and casino REITs. We reduced the fund's weightings in timber, mall, senior housing and multifamily REITs given their higher sensitivity to economic deceleration.
- + Our goal is to maintain a portfolio with a bias toward companies with higher quality assets, operating in supply-constrained real estate markets, with generally less leveraged balance sheets and better governance characteristics. Based on our relative valuation analysis, we may initiate portfolio positions where sharp declines in REIT share prices offer attractive upside opportunities. The unpredictable macroeconomic and geopolitical environments suggest caution in taking significant active factor, country and currency exposures. As such, we are still more likely to allocate portfolio risk to stock specific opportunities where we believe there is attractive relative value. Compared to the broader investment universe, real estate assets appear attractive to diversified investors based on cash flow security, discounted valuations relative to underlying assets, growth opportunity, potential to act as an inflation hedge and their tangible nature. On this basis, we view listed real estate as offering fair to attractive relative return opportunities at present, as part of a wider investment portfolio allocation.

Performance highlights

- + Invesco Real Estate Fund Class A shares at net asset value (NAV) had a negative return but outperformed the FTSE NAREIT All Equity REITs Index. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

- + Both sector allocation and stock selection added to the fund's relative return.
- + The fund benefited from underweight exposure to office REITs and overweight exposure to single family rental REITs.
- + Stock selection within industrial, multifamily and shopping center REITs also added to relative performance.

Detractors from performance

- + Stock selection within health care REITs and triple net REITs detracted from relative performance.

REIT sector breakdown	% of total net assets
Data Centers	8.03
Health Care	8.37
Industrial	12.32
Infrastructure	18.25
Lodging/Resorts	0.81
Office	3.42
Residential	22.27
Retail	12.98
Self-Storage	5.47
Specialty	7.17
Timber	0.92

Investment results

Average annual total returns (%) as of Sept. 30, 2022

Period	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	Style-Specific Index
	Inception: 12/31/96		Inception: 05/01/95		Inception: 09/30/03	Inception: 10/03/08	
	Max Load		Max CDSC				FTSE NAREIT All Equity REITs Index
	5.50%	NAV	1.00%	NAV	NAV	NAV	
Inception	7.88	8.12	9.00	9.00	7.93	6.83	-
10 Years	4.96	5.55	4.92	4.92	5.57	5.82	6.99
5 Years	1.52	2.68	1.92	1.92	2.70	2.94	4.10
3 Years	-4.69	-2.87	-3.58	-3.58	-2.85	-2.62	-1.10
1 Year	-20.58	-15.95	-17.36	-16.56	-15.96	-15.70	-16.27
Quarter	-15.77	-10.87	-11.86	-10.97	-10.85	-10.77	-10.83

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com/performance](https://www.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	1.23	1.23	Dom Common Stock	98.99
Class C Shares	1.98	1.98	Cash	1.01
Investor Class Shares	1.16	1.16		
Class Y Shares	0.98	0.98		

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.

Junk bonds involve a greater risk of default or price changes due to changes in the issuer's credit quality. The values of junk bonds fluctuate more than those of high quality bonds and can decline significantly over short time periods.

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.

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.

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 financial professionals 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. Financial professionals, 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.