Invesco Real Estate Fund

Quarterly Performance Commentary

Mutual Fund Retail Share Classes
Data as of June 30, 2020

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	$1,939,244,971
Total Number of Holdings	53
Annual Turnover (as of 02/29/20)	59%
Distribution Accrual	Quarterly
Distribution Frequency	Quarterly

Top holdings	% of total net assets
American Tower	14.46
Crown Castle	9.65
Equinix	4.72
Invitation Homes	4.01
Ventas	3.66
UDR	3.64
Healthpeak Properties	3.22
Weyerhaeuser	2.84
VEREIT	2.73
Duke Realty	2.61

Top contributors	% of total net assets
1. Ventas	3.66
2. Public Storage	0.00
3. Invitation Homes	4.01
4. VEREIT	2.73
5. Gaming and Leisure Properties	2.12

Top detractors	% of total net assets
1. Boston Properties	1.09
2. Hudson Pacific Properties	0.00
3. Simon Property	0.74
4. UDR	3.64
5. Prologis	2.51

Market overview

+ From February to mid-May, there were dramatic negative revisions to US GDP, unemployment trends and consumer confidence. US REITs underperformed the broader equity market as investors shifted into more cyclical investments and into asset classes that had especially sharp declines in the first quarter of the year.
+ REIT performance was positive for the quarter and, as of quarter end, the overall REIT sector was trading at a small discount to net asset value. This is slightly cheaper than the long-term average valuation.
+ In the short to medium term, we may see declines in underlying asset values for some property types. However, the higher income characteristics of REITs still compare favorably to other US stable income alternatives.

Positioning and outlook

+ Following weak economic numbers in April, the US economy began to recover in May and June as states started to reopen. Many cyclical REIT sectors performed well as economic data improved. We reduced the portfolio's exposure to office and retail because these sectors face structural headwinds accelerated by the pandemic. Within the rental residential sector, we shifted exposure from single-family rentals and manufactured housing into apartments, given relative valuations. We increased sector weights in infrastructure, due to its attractive secular growth, and in casinos and health care medical office buildings, which both offer attractive relative value. Current exposures remain balanced, with exposure to both relative value and fundamental growth opportunities across the portfolio.
+ The fund maintains a bias toward companies with higher quality assets, operating in supply-constrained real estate markets, with generally less leveraged balance sheets and above-average earnings and asset value growth. The unpredictable economic and geopolitical environments suggest caution in taking active factor, country and currency exposures. As such, we are still most likely to allocate risk to specific stock opportunities where we believe there is attractive relative value. Within the broader investment context, cash flow security, discounted valuations relative to underlying assets, and the tangible nature of real estate assets appear attractive to diversified investors. We believe listed real estate offers 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) underperformed the FTSE NAREIT All Equity REITs Index during a quarter of uncertainty and significant market volatility. (Please see the investment results table on page 2 for fund and index performance.)

Contributors to performance

+ Relative performance benefited from an underweight in self-storage, which lagged as excess supply and the effects of COVID-19 raised concerns about fundamentals.
+ An overweight in the casino sector also added to relative return during the quarter, as the primary tenants of casino REITs were able to access capital and enhance their balance sheets.
+ Stock selection in the single-family rentals, health care, lodging and triple net sectors also added to relative return.

Detractors from performance

+ An underweight in malls and an overweight in infrastructure REITs hampered relative return as more cyclical REIT sectors performed better during the quarter.
+ Stock selection within the office sector detracted from relative results.

REIT sector breakdown	% of total net assets
Infrastructure	24.58
Residential	17.08
Data Centers	11.60
Retail	10.15
Health Care	9.60
Industrial	8.28
Specialty	4.96
Diversified	3.48
Lodging/Resorts	3.33
Timber	2.86
Office	2.36

Investment results

Average annual total returns (%) as of June 30, 2020

	Class A Shares		Class C Shares		Investor Class Shares	Class Y Shares	
	Inception: 12/31/96		Inception: 05/01/95		Inception: 09/30/03	Inception: 10/03/08	Style-Specific Index
Period	**Max Load 5.50%**	**NAV**	**Max CDSC 1.00%**	**NAV**	**NAV**	**NAV**	**FTSE NAREIT All Equity REITs Index**
Inception	8.35	8.61	9.48	9.48	8.59	7.50	-
10 Years	8.32	8.93	8.12	8.12	8.94	9.20	10.39
5 Years	3.90	5.08	4.30	4.30	5.11	5.35	6.56
3 Years	0.39	2.29	1.52	1.52	2.32	2.56	3.51
1 Year	-13.47	-8.45	-9.89	-9.10	-8.40	-8.20	-6.47
Quarter	6.81	13.02	11.83	12.83	13.06	13.10	13.25

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
Class A Shares	1.23	1.23
Class C Shares	1.98	1.98
Investor Class Shares	1.22	1.22
Class Y Shares	0.98	0.98

Per the current prospectus

Asset mix (%)	
Dom Common Stock	99.62
Cash	0.09
Other	0.29

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.

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.