

# Invesco Global Real Estate Income Fund

## Quarterly Performance Commentary

Mutual Fund Retirement Share Classes  
Data as of March 31, 2023



### Investment objective

The fund seeks current income and, secondarily, capital appreciation.

### Portfolio management

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### Fund facts

Nasdaq A: ASRAX Y: ASRYX  
R6: ASRFX R5:  
ASRIX

Total Net Assets	\$597,249,872
Total Number of Holdings	102
Annual Turnover (as of 08/31/22)	39%
Distribution Accrual	Quarterly
Distribution Frequency	Quarterly

Top holdings	% of total net assets
Prologis	6.52
Life Storage	3.91
Digital Realty Trust	3.80
UDR	3.34
Mitsui Fudosan	3.09
VICI Properties	2.53
Sun Communities	2.42
Tokyu Fudosan	2.39
American Homes 4 Rent	2.35
UMH Properties	2.09

Top contributors	% of total net assets
1. Prologis	6.52
2. Life Storage	3.91
3. Equinix	1.50
4. Ventas	0.00
5. Welltower	1.55

Top detractors	% of total net assets
1. Vonovia	1.91
2. Aroundtown	0.87
3. Dexus	1.96
4. LEG Immobilien	1.46
5. Digital Realty Trust	3.80

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

### Market overview

- + Most major asset classes reported positive returns for the first quarter of 2023. Equities advanced despite central banks' ongoing battles against inflation and a banking crisis involving multiple US regional banks and one of the world's oldest banks, Credit Suisse, which required government intervention. This quarter's returns can be attributed to markets' perception that central bank appetites for continued monetary tightening were waning.
- + Listed global real estate prices rose during the quarter, led by strength in North America. Europe lagged with declines in the Nordic region and Germany, partly reflecting the fact that Europe has some of the most highly-leveraged property companies. In Asia, real estate values generally held, but the rising cost of debt prompted some companies to take a cautious approach to dividends in their comments during earnings season.
- + At the end of the quarter, global listed real estate was trading at a 13% discount to underlying net asset value, a wider discount than the long-term historical average.

### Positioning and outlook

- + Consensus global economic forecasts suggest that growth is expected to moderate from current levels. Property values in many sectors or countries will likely fall in coming quarters as adjustments are made to future cost of capital. Listed real estate markets already reflect this change, as indicated by listed companies trading at discounts to underlying net asset values. Certain property types with very long-term cashflow security and pricing power have become, in our view, more attractive.
- + We believe the fund's ability to invest in both real estate equity and fixed income is particularly beneficial in today's volatile market environment and can add value throughout the real estate cycle.
- + The fund's fixed income allocation has the potential to help reduce overall volatility compared to an all-equity real estate portfolio.

### Performance highlights

- + The fund's Class A shares at net asset value (NAV) outperformed its all equity benchmark for the quarter. (Please see the investment results table on page 2 for fund and index performance.)

### Contributors to performance

- + Both equity and fixed income holdings added to the fund's absolute and relative returns. On the equity side, US holdings led the fund's results. Within the US, an underweight and strong stock selection in the health care sector drove relative return. Another key contributor to relative return was the fund's underweight in office properties, which still suffers from structural headwinds, especially in the US.
- + The fund's fixed income allocations added to relative performance, led by preferreds followed by corporate bonds and commercial mortgage-backed securities (CMBS). Fixed income securities were positive for the quarter as investors' lowered their expectations for future interest rate hikes. The shift in expectations and tightening of credit conditions caused Treasury yields to move lower.
- + In Asia, underweight exposure to Japan added to relative return.
- + In Europe, relative performance was aided by stock selection in the UK, which has comparatively lower-leveraged companies than its European counterparts.

### Detractors from performance

- + The largest detractor from relative performance was in the residential sector, specifically exposure in Germany, where the residential sector has high leverage and interest rate sensitivity. An underweight in data centers also detracted from relative performance.
- + In Asia, an overweight in China and an underweight in Singapore detracted.

Top countries	% of total net assets
United States	73.60
Japan	8.50
Hong Kong	4.60
Germany	4.40
United Kingdom	2.90
Australia	2.00
Cayman Islands	1.80
Canada	1.50
Belgium	0.70

REIT sector breakdown	% of total net assets
Residential	21.20
Industrial	18.00
Diversified	17.60
Self Storage	9.90
Data Centers	7.40
Specialty	5.50
Healthcare	5.30
Office	4.20
Retail	4.00
Industrial/Office/Mixed	3.30
Infrastructure	3.00

Valuation statistics	fund	index
12-Month Forward P/E	22.05	21.89
12-Month Trailing P/E	24.18	22.02
Price/Book (Wtd. Har. Avg.)	1.21	1.24
1-Year ROE (Wtd. Avg.)	5.16	6.52
12-Month Fwd. Growth Rate (Wtd. Avg.) (%)	2.31	-3.86
3-Year EPS Growth Rate (Wtd. Avg.) (%)	5.89	3.44
5-Year Dividend Growth Rate (Wtd. Avg.) (%)	5.77	3.40
Weighted Average Market Cap (\$MM)	25,563	23,006
Weighted Median Market Cap (\$MM)	13,508	11,478

Source: FactSet Research Systems Inc.

## Investment results

Average annual total returns (%) as of March 31, 2023

	Class A Shares	Class Y Shares	Class R6 Shares	Class R5 Shares	
	Inception: 05/31/02	Inception: 10/03/08	Inception: 09/24/12	Inception: 03/09/07	Style-Specific Index
					<b>Custom Invesco Global Real Estate Income Index</b>
Period	NAV	NAV	NAV	NAV	
Inception	6.57	5.36	3.57	3.22	-
10 Years	2.51	2.77	2.94	2.83	2.46
5 Years	1.44	1.70	1.86	1.75	0.85
3 Years	6.12	6.40	6.54	6.41	6.61
1 Year	-15.68	-15.51	-15.35	-15.52	-21.40
Quarter	2.56	2.63	2.66	2.65	0.78

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. Class A shares at NAV are available only to certain investors and have no sales charge; therefore, performance is at NAV. Class Y shares have no sales charge; therefore, performance is at NAV. Class R5 shares and Class R6 shares have no sales charge; therefore, performance is at NAV. On March 12, 2007, the fund reorganized from a closed-end fund to an open-end fund. Class A share returns prior to that date are those of the closed-end fund's Common shares and include the fees applicable to Common shares. Please see the prospectus for more details. Fund performance was positively affected by a temporary 2% fee on redemptions that was in effect from March 12, 2007, to March 12, 2008. Without income from this temporary fee, returns would have been lower. 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 sources: Invesco, FactSet Research Systems Inc.

Expense ratios	% net	% total	Asset mix (%)	
Class A Shares	1.21	1.21	Dom Common Stock	40.77
Class Y Shares	0.96	0.96	Intl Common Stock	23.66
Class R6 Shares	0.83	0.83	CMO - Non Agency	17.63
Class R5 Shares	0.90	0.90	Dom Preferred Stock	8.85
Per the current prospectus			Dom Corp Bonds	5.09
			Dom Convert Prfd	0.81
			Other	2.20
			Cash	0.99

For more information you can visit us at [www.invesco.com/us](https://www.invesco.com/us)

Class A shares at NAV and Class Y shares are available only to certain investors. Class R6 shares and Class R5 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. See the prospectus for more information.

Asset allocation/diversification does not guarantee a profit or eliminate the risk of loss.

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 Custom Invesco Global Real Estate Income Index is comprised of the FTSE NAREIT All Equity REIT Index through Aug. 31, 2011, and the FTSE EPRA/NAREIT Developed Index thereafter. An investment cannot be made directly in an index. **12-month forward and trailing P/E** are calculated using weighted harmonic averaging, which helps avoid extreme results that may occur due to small relative numbers in the denominator. It doesn't exclude extreme values; instead, it reduces the effect of outliers on the aggregate calculation. The **price/book ratio** is the market price of a stock divided by the book value per share. **Return on equity (ROE)** is net income divided by net worth. The **median 12-Month Fwd. Growth Rate** is the percent change between the next twelve months' mean EPS estimate and the previous twelve months' actuals. The **three-year EPS growth rate** is a weighted average of each stock's growth rate in earnings per share (EPS). EPS is total earnings divided by the number of shares outstanding. The **five-year dividend growth rate** is the weighted average of each stock's annualized percentage rate of growth in dividend yield over five years. The three-year EPS and five-year dividend growth rates are not forecasts of fund performance.

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## About risk

There is a risk that the Federal Reserve Board (FRB) and central banks may raise the federal funds and equivalent foreign rates. This risk is heightened due to the potential “tapering” of the FRB’s quantitative easing program and other similar foreign central bank actions, which may expose fixed income investments to heightened volatility and reduced liquidity, particularly those with longer maturities. As a result, the value of the fund’s investments and share price may decline.

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.

The performance of an investment concentrated in issuers of a certain region or country is expected to be closely tied to conditions within that region and to be more volatile than more geographically diversified funds.

Junk bonds have greater risk of default or price changes due to changes in the issuer’s credit quality. Junk bond values fluctuate more than high quality bonds and can decline significantly over a short time.

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 deferral 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.