Invesco Global Real Estate Fund

Q4 2023

Key takeaways

1. **The fund delivered a strong absolute return but underperformed its benchmark**
The fund underperformed its benchmark, the FTSE EPRA Nareit Developed Index, due to its limited exposure to economically sensitive real estate sectors.

2. **The fund is positioned for stable growth**
The fund maintains a balance between structural growth opportunities and cyclical property types at reasonable valuations. Overall, the fund is positioned toward sectors with more favorable long-term fundamentals and better tenant health.

3. **REITs appear attractive, but economic conditions have remained challenging**
Relative to general equities, listed real estate has historically delivered strong returns after US Federal Reserve rate hikes end, as interest rate sensitive sectors draw investor attention.

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

Fund facts

Fund AUM ($M)	171.88

Portfolio managers
Darin Turner, Grant Jackson, James Cowen, Ping-Ying Wang

Manager perspective and outlook

- Falling interest rates, stable growth conditions and higher risk appetite drove global REITs to their highest quarterly return since 2010.
- Global REIT performance was led by Europe and select US sectors such as mall, office, tower, self-storage and hotel REITs. In Europe, highly leveraged real estate companies delivered the largest gains, most notably companies in Sweden, Spain and Germany. Listed real estate in Asia delivered modest performance, with the largest gains coming from Japanese developers.
- The prospect of easing financial conditions is a notable positive for real estate asset values and is likely, in our opinion, to outweigh the effects of slower earnings growth resulting from orderly deceleration in the economy. Earnings growth has remained positive and is unlikely, in our view, to offer surprises as fundamental trends have been stable and interest expense may decline.
- We believe investors are likely to reward companies that experience improved operating conditions relative to their peers or take advantage of easing financing conditions.
- Public REITs have continued to trade at discounts to private market valuations but have been consistent with current credit market conditions and the forward yield curve. Ultimately, future real estate valuations will likely largely be determined by capital market conditions, debt financing costs and prospects for cash flow growth – all of which in our view have a wide range of possible outcomes over the next 12-24 months.

Top issuers

(% of total net assets)

	Fund	Index
Welltower Inc	5.79	2.94
Rexford Industrial Realty Inc	4.44	0.72
Digital Realty Trust Inc	3.75	2.47
UDR Inc	3.62	0.76
Alexandria Real Estate Equities Inc	3.44	1.32
Link REIT	3.08	0.87
Healthpeak Properties Inc	3.00	0.66
Realty Income Corp	2.72	2.53
Terreno Realty Corp	2.71	0.31
Sun Communities Inc	2.41	1.00

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

The fund balances exposures to high quality REITs with structural growth opportunities, some defensive property types with excellent income durability, and some cyclical property types where valuations have become attractive. Key overweight exposures include health care, residential and infrastructure. However, we have found opportunities across most property types and most parts of the world.

Overall, the fund is positioned for stable growth with more favorable long-term fundamentals and stronger tenant health. The fund generally has underweight exposure in consumer-facing, economically sensitive REITs and sectors facing structural headwinds.

At quarter end, the fund was overweight in the US, Japan, Hong Kong, Germany, Spain and the UK. The fund had underweight exposures in Sweden, Switzerland, Canada and Singapore.

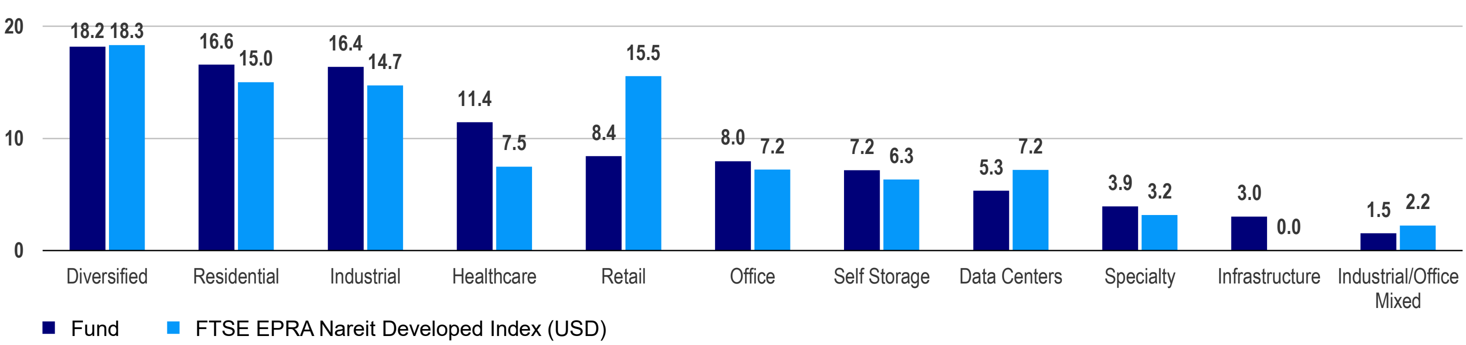
In terms of property types, the fund was overweight in health care, gaming, industrial, residential and infrastructure REITs and underweight in retail, data centers and lodging REITs. The long-term lease, higher dividend yield and historically low beta characteristics of US gaming and health care REITs are, in our view, attractive, given anticipation of deteriorating economic growth trends.

Structural demand trends for infrastructure and industrial REITs have remained broadly intact with good earnings growth anticipated.

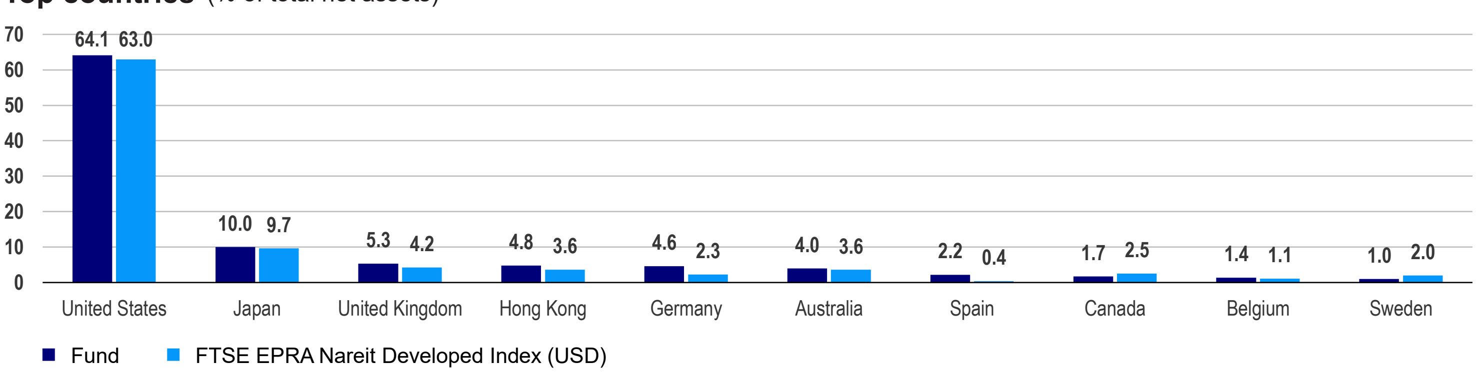
The underweight in retail reflects our view that cyclical headwinds are likely to add to structural challenges, hampering landlord pricing power, which is not yet reflected in share price valuations.

We added exposure in Europe, where valuations have been discounted and sensitivity to interest rate policy has been high, based on our belief that central banks in the region will be among the first to reduce interest rates. Increased exposure to Europe has been balanced against reduced exposure in Japan. Japan's relative attractiveness has declined in our view as its central bank is under pressure to tighten monetary policy while most Western central banks are expected to begin easing.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Welltower Inc.	10.86	0.81
Rexford Industrial Realty, Inc.	14.44	0.67
Digital Realty Trust, Inc.	12.23	0.58
Alexandria Real Estate Equities, Inc.	27.89	0.58
Sun Communities, Inc.	13.71	0.57

Top detractors (%)

Issuer	Return	Contrib. to return
Japan Hotel Reit Investment Corporation	-9.91	-0.17
Azrieli Group Ltd.	-14.22	-0.11
Wharf Real Estate Investment Company Limited	-12.47	-0.11
Americold Realty Trust, Inc.	0.26	-0.06
Hongkong Land Holdings Limited	-7.00	-0.03

Performance highlights

The fund underperformed its benchmark in a period of historically strong absolute returns. The fund's positioning favored durable growth sectors with lower economic sensitivity, which were out of favor in the robust growth environment that came to pass. Holdings of US REITs drove the relative underperformance due to underweight exposures in outperforming sectors such as malls, hotels and self-storage.

Contributors to performance

The fund began the quarter with more defensive positioning, reflecting our view that high interest rates would negatively affect economic conditions, job growth and consumer spending. However, in the fourth quarter of 2023, equities experienced a deflation-driven rally where cyclically exposed real estate tended to outperform. The caused the fund's negative relative performance.
In geographic terms, underperformance mainly resulted from the fund's positioning in the US. The fund's results in Europe were mixed, while the fund's exposures in Asia delivered positive relative results, driven by stock selection in Hong Kong.

In the Asia Pacific region, individual contributors to relative return included an overweight exposure in Hong Kong listed retail and office owner **Link REIT** and an overweight in Australian office and retail focused **GPT Group.** Both stocks were trading at discounted share price valuations, which moved to fair value during the quarter.

Detractors from performance

In North America, the fund's relative performance was hampered by overweight exposure in more defensively orientated property types, including gaming, health care and triple net retail, along with an underweight exposure in more cyclical property types, including lodging, self-storage and malls.

In Europe, an underweight in Sweden, where leverage levels among listed real estate companies are the highest globally and the economy is in recession, detracted from relative return. Underweight exposure in strong performing UK industrial REITs also detracted. The fund's holding in Spanish cell tower owner **Cellnex** delivered good performance but lagged the REIT segment.

In Asia, exposure to Japan's lodging sector detracted from relative return as expectations for economic growth appear to have disappointed the market.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 04/29/05	NAV	13.94	8.60	8.60	0.57	1.75	2.78	4.07
	Max. Load 5.5%	7.72	2.68	2.68	-1.31	0.62	2.20	3.75
Class R6 shares inception: 09/24/12	NAV	14.17	9.17	9.17	1.04	2.24	3.28	3.69
Class Y shares inception: 10/03/08	NAV	14.17	8.90	8.90	0.83	2.02	3.03	4.49
Custom Global Real Estate Index		15.29	9.67	9.67	0.68	2.40	3.52	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	74% (148 of 193)	69% (128 of 179)	80% (154 of 179)	73% (92 of 118)	-

Expense ratios per the current prospectus: Class A: Net: 1.38%, Total: 1.38%; Class R6: Net: 0.92%, Total: 0.92%; 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 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. 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. 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. Index sources: Invesco, 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.

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.

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	14.15	-1.61	1.57	12.66	-6.16	22.47	-12.44	25.26	-25.23	8.60
Class R6 shares at NAV	14.78	-0.96	2.20	13.04	-5.85	23.12	-12.06	25.77	-24.86	9.17
Class Y shares at NAV	14.41	-1.36	1.82	13.02	-6.07	22.79	-12.21	25.50	-24.99	8.90
Custom Global Real Estate Index	14.70	-1.19	3.75	13.99	-6.37	22.50	-9.95	24.22	-25.09	9.67

Portfolio characteristics*

	Fund	Index
No. of holdings	74	369
Wtd. avg. mkt. cap ($M)	20,505	27,256
Top 10 issuers (% of AUM)	34.95	31.35
Earnings multiple	17.70	17.40
Expected earnings growth (%)	3.46	1.34
Multiple to growth ratio	5.12	13.05
Leverage (%)	31.14	33.02

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-0.67	0.00
Beta	0.95	1.00
Sharpe ratio	-0.01	0.02
Information ratio	-0.22	0.00
Standard dev. (%)	19.74	20.67
Tracking error (%)	2.88	0.00
Up capture (%)	89.78	100.00
Down capture (%)	98.13	100.00
Max. drawdown (%)	32.13	32.15

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Data Centers	0.06	0.03	0.09
Diversified	0.00	0.71	0.71
Healthcare	-0.18	0.18	0.00
Industrial	0.06	-0.67	-0.61
Industrial/Office Mixed	-0.05	-0.09	-0.15
Infrastructure	0.20	0.00	0.20
Lodging/Resorts	-0.09	-0.16	-0.25
Office	-0.02	-0.25	-0.27
Residential	0.06	0.48	0.54
Retail	-0.17	-0.50	-0.68
Self Storage	-0.09	-0.21	-0.30
Specialty	-0.15	-0.09	-0.24
Cash	-0.10	0.01	-0.10
Total	**-0.48**	**-0.57**	**-1.05**

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.**

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Hong Kong	0.24	4.91	9.82
Germany	0.15	3.17	28.55
Spain	0.14	1.88	25.91
Australia	0.13	3.59	23.88
Canada	0.08	1.60	18.92

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-1.00	63.73	14.34
Sweden	-0.23	0.62	56.39
Japan	-0.20	11.53	5.86
France	-0.17	0.77	10.85
Israel	-0.13	0.12	-14.22

Unless otherwise specified, all information is as of 12/31/23. Unless stated otherwise, Index refers to Custom Global Real Estate Index.

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

The Custom Invesco Global Real Estate Index is composed of the FTSE EPRA/NAREIT Developed Index (gross) from fund inception through Feb. 17, 2005; the FTSE EPRA/NAREIT Developed Index (net) from Feb. 18, 2005, through June 30, 2014; the FTSE EPRA Nareit Global Index (Net) from July 1, 2014 through June 30, 2021, and the FTSE EPRA Nareit Developed Index (Net) from July 1, 2021 onward. The FTSE EPRA/NAREIT Developed index is considered representative of global real estate companies and REITs. The FTSE EPRA/NAREIT Global Index is designed to track the performance of listed real estate companies and REITS in developed and emerging markets. The net version of indexes is computed using the net return, which withholds taxes for non-resident investors.

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.

An issuer may be unable to meet interest and/or principal payments, thereby causing its instruments to decrease in value and lowering the issuer's credit rating.

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.

Environmental, Social and Governance (ESG) considerations may vary across investments and issuers, and not every ESG factor may be identified or evaluated for investment. The Fund will not be solely based on ESG considerations; therefore, issuers may not be considered ESG-focused companies. ESG factors may affect the Fund's exposure to certain companies or industries and may not work as intended. The Fund may underperform other funds that do not assess ESG factors or that use a different methodology to identify and/or incorporate ESG factors. ESG is not a uniformly defined characteristic and as a result, information used by the Fund to evaluate such factors may not be readily available, complete or accurate, and may vary across providers and issuers. There is no guarantee that ESG considerations will enhance Fund performance.

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

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.

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.

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 medium-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.

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

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.