

Invesco Global Real Estate Fund

Q2 2024

Key takeaways

- 1 The fund underperformed its benchmark**

Global listed real estate posted lackluster performance for the quarter. The fund underperformed its benchmark, driven by weaker performance from cyclical exposures in the US and stock selection in Japan.
- 2 The fund aims to strike a balance between select structural growth opportunities and historically economically sensitive REITs at reasonable valuations**

The fund is positioned for a positive, but below-trend, economic growth environment that would favor positioning in REITs with visible potential growth opportunities.
- 3 REIT valuations suggest to us opportunity for strong returns despite slowing economic conditions**

Current REIT valuations could lead to attractive returns when interest rates eventually decline. Rental fundamentals have remained stable for most property types despite a challenging environment.

Investment objective

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

Fund facts

Fund AUM (\$M)	149.95
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Portfolio managers

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

Manager perspective and outlook

- Listed real estate companies continued to experience steady demand and delivered solid growth of net operating income, while interest rates put pressure on asset values. We believe the trajectory of interest rate moves from current levels is more likely to be down than up.
- Global listed real estate declined for the quarter, with performance trends diverging across regions and sectors. In the US, health care and apartment REITs performed well, while cyclical sectors such as lodging and timber lagged. In Europe, deeper value real estate companies outperformed. In Asia, Japanese real estate returns were poor following good results in the first quarter.
- Global listed real estate ended the quarter trading at a discount to underlying net asset value. Current valuations suggest to us fair to good value compared to credibly priced private real estate. Listed real estate companies that have favorable cost of capital relative to their private real estate peers and strong operating platforms are most likely to find attractive investment opportunities. Ultimately, future real estate valuations will likely largely be determined by capital market conditions and prospects for cash flow growth. There may be a wide range of outcomes over the next 12-24 months, but we believe conditions should be most positive where private markets have already experienced realistic valuation declines as interest rates rose.



Top issuers

(% of total net assets)

	Fund	Index
Equinix Inc	7.69	4.40
Rexford Industrial Realty Inc	5.39	0.59
Public Storage	4.97	2.79
Extra Space Storage Inc	4.79	1.99
Invitation Homes Inc	4.63	1.35
Realty Income Corp	4.26	2.79
Camden Property Trust	4.06	0.69
Alexandria Real Estate Equities Inc	3.70	1.24
Simon Property Group Inc	3.32	3.01
Host Hotels & Resorts Inc	3.30	0.77

As of 06/30/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

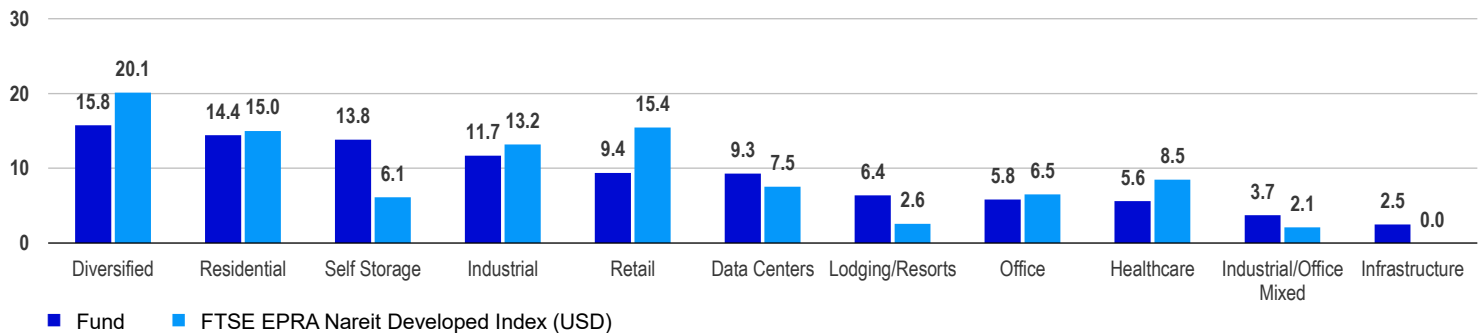
The fund's positioning has been increasingly focused on stock and sector opportunities that reflect growth at reasonable valuations and on opportunities that should benefit from future interest rate declines. Positioning reflects our general view that most policy interest rates have peaked and some relative value opportunities have emerged among the more stable property sectors.

In terms of property types, the fund is overweight in health care, timber, lodging, self-storage and data centers. Underweight exposures include retail and diversified. Lodging and timber currently trade at discounted valuations and should in our view benefit from healthy US economic growth and lower interest rates. Structural demand trends for data center REITs have remained intact with a solid earnings growth outlook and AI tailwinds supporting investor sentiment. In our view, health care real estate offers some attractive opportunities, including well-capitalized REITs that are exposed to improving fundamentals and increased earnings from external growth and high-yielding REITs that are attractively valued with stable long-term income. The fund is underweight in retail because growth and valuation characteristics are in our view less attractive compared to other sectors.

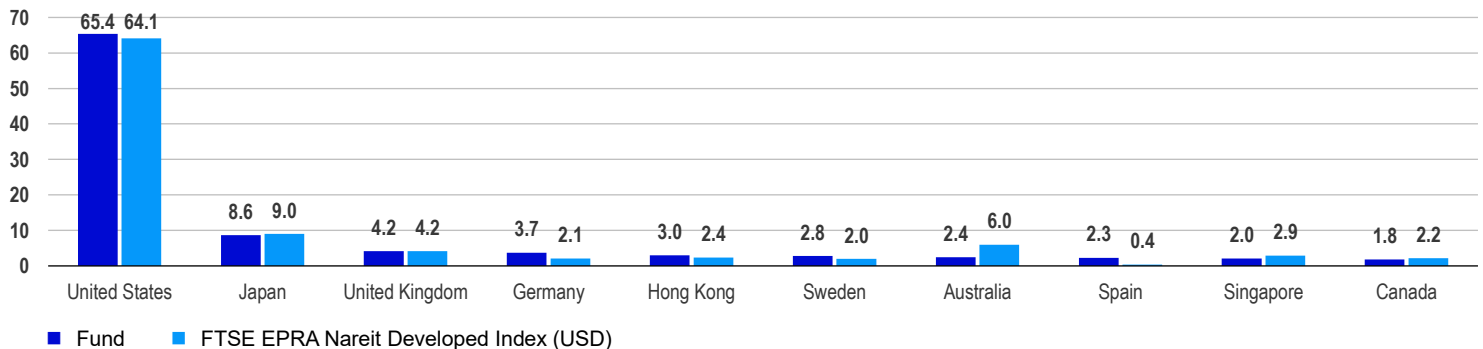
The fund is currently overweight in Germany, Spain and the UK. Exposure to Europe has increased in recent periods, largely due to our view that interest rate declines during 2024 will show that the region's deeply discounted valuations are attractive relative to private market values. We moved the fund's position in Japan from overweight to underweight after strong performance in the first part of the year. In recent months, positive expectations for Japan's economy have moderated, suggesting to us valuations are less attractive compared to other parts of the world where interest rates are more likely to decline.

During the quarter, we rotated the fund's positioning in Asia, reducing Hong Kong exposure in favor of increased Singapore exposure, along with reduced exposure to retail and office REITs and increased exposure to industrial REITs. We increased exposure in Europe via the UK where real estate values appear to have bottomed. In the US, we rotated exposure among data centers and added weight to some longer duration property types (infrastructure and triple net lease) while reducing exposure in apartment and billboard REITs.

Sector breakdown (% of total net assets)



Top countries (% of total net assets)



Top contributors (%)

Issuer	Return	Contrib. to return
Camden Property Trust	11.87	0.44
Public Storage	0.79	0.41
Welltower Inc.	12.10	0.31
Extra Space Storage Inc.	6.79	0.25
Invitation Homes, Inc.	6.65	0.21

Top detractors (%)

Issuer	Return	Contrib. to return
Terreno Realty Corporation	-18.43	-0.54
Sumitomo Realty & Development Co., Ltd.	-22.82	-0.47
Host Hotels & Resorts, Inc.	-12.05	-0.44
Rexford Industrial Realty, Inc.	-10.45	-0.38
Weyerhaeuser Company	-20.34	-0.37

Performance highlights

Global listed real estate had a negative return for the quarter. The fund underperformed its benchmark. Stock selection in the US and Asia was primarily responsible for the underperformance.

Contributors to performance

Overall, the fund's allocations across regions offered a positive benefit, driven by an overweight in Europe, where Spain and Germany outperformed amid strong expectations for interest rate declines.

In the US, the fund benefited from favorable positioning in the self storage, multifamily and industrial sectors. Underweight positioning in industrial REITs added to relative return as earnings outlooks in the sector were weaker due to decelerating tenant demand and elevated supply. The fund's holdings in the multifamily added to relative results as a

privatization transaction was announced and tenant demand was sustained at a higher level amid low expectations. The fund's health care holdings also outperformed, driven by continued positive results for senior housing and select value opportunities.

Detractors from performance

The majority of negative performance stemmed from the US portfolio, including sectors that were negatively affected by deceleration in economic growth. Downward revisions to growth expectations for US consumer spending and housing adversely affected returns for the hotel and timber sectors and the fund's overweights in these sectors detracted from relative return. Office and life science REITs underperformed and detracted from relative performance as low leasing volumes and depressed valuations appeared to dampen investor demand.

Standardized performance (%) as of June 30, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 04/29/05	NAV	-3.80	-4.64	2.53	-5.28	-2.07	1.18	3.71
	Max. Load 5.5%	-9.10	-9.92	-3.07	-7.06	-3.17	0.61	3.40
Class R6 shares inception: 09/24/12	NAV	-3.71	-4.45	3.03	-4.84	-1.62	1.67	3.13
Class Y shares inception: 10/03/08	NAV	-3.74	-4.53	2.79	-5.04	-1.81	1.44	4.04
Custom Global Real Estate Index		-2.43	-3.70	4.54	-4.77	-1.15	1.99	-
Total return ranking vs. Morningstar Global Real Estate category (Class A shares at NAV)		-	-	87% (164 of 188)	67% (124 of 175)	81% (151 of 173)	77% (93 of 114)	-

Expense ratios per the current prospectus: Class A: Net: 1.42%, Total: 1.42%; Class R6: Net: 0.95%, Total: 0.95%; Class Y: Net: 1.17%, Total: 1.17%.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.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.

Performance highlights (cont'd)

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	50	359
Wtd. avg. mkt. cap (\$M)	25,943	27,133
Top 10 issuers (% of AUM)	46.10	32.63
Earnings multiple	17.53	17.00
Expected earnings growth (%)	4.46	2.21
Multiple to growth ratio	3.93	7.70
Leverage (%)	30.11	32.73

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.16	0.00
Beta	0.95	1.00
Sharpe ratio	-0.22	-0.16
Information ratio	-0.31	0.00
Standard dev. (%)	19.52	20.39
Tracking error (%)	2.95	0.00
Up capture (%)	89.29	100.00
Down capture (%)	98.80	100.00
Max. drawdown (%)	32.13	32.15

Quarterly performance attribution

Sector performance analysis (%)

Sector	Allocation effect	Selection effect	Total effect
Data Centers	0.13	-0.25	-0.11
Diversified	0.18	-1.19	-1.01
Healthcare	-0.10	-0.07	-0.17
Industrial	-0.07	0.05	-0.03
Industrial/Office Mixed	-0.06	0.06	0.00
Infrastructure	0.07	0.00	0.07
Lodging/Resorts	-0.23	0.19	-0.04
Office	0.09	0.01	0.10
Residential	-0.10	-0.11	-0.21
Retail	-0.11	0.01	-0.10
Self Storage	0.43	-0.10	0.32
Specialty	-0.02	-0.16	-0.18
Cash	-0.07	0.00	-0.07
Total	0.14	-1.57	-1.43

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 attribution (cont'd)

Performance analysis by country — top 5 (%)

	Total effect	Avg. weight	Total return
Spain	0.10	2.30	3.70
France	0.06	1.81	1.28
Israel	0.04	0.00	0.00
New Zealand	0.01	0.00	0.00
Finland	0.01	0.00	0.00

Performance analysis by country — bottom 5 (%)

	Total effect	Avg. weight	Total return
United States	-0.76	63.68	-1.54
Japan	-0.29	10.11	-13.75
Hong Kong	-0.18	3.94	-11.13
Sweden	-0.07	2.53	-7.52
Australia	-0.06	2.74	-4.75

Unless otherwise specified, all information is as of 06/30/24. 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 (Net) from April 29, 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.

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

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