

Fund Manager



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Fund Manager, Global REITs

Fund ratings

hedged - class A



unhedged



Performance analysis - hedged - Class A (periods to 30 April 2012)

Net performance

Periods	Fund %
1 month	2.08
3 months	8.12
6 months	11.62
1 year	2.84
2 years p.a.	9.43
3 years p.a.	19.72
5 years p.a.	-6.54
Calendar year to date	15.37
Financial year to date	3.49
Since inception p.a.	3.88

The Fund returns are shown after ongoing fees and assumes reinvestment of income. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences.

Net distribution growth splits

Periods	Distribution %	Growth %	Total %
3 months	0.00	8.12	8.12
6 months	0.00	11.62	11.62
1 year	8.82	-5.98	2.84
2 years p.a.	4.99	4.44	9.43
3 years p.a.	3.67	16.05	19.72
5 years p.a.	5.77	-12.31	-6.54

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	1.24	-0.78
2 years p.a.	1.17	-0.91
3 years p.a.	1.69	-1.89
5 years p.a.	3.26	-0.12
Since inception p.a.	2.93	0.08

Fund facts at a glance

Asset class Global listed property securities

Management style Fundamental, active, core

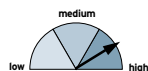
Objective Hedged – class A
To provide medium to long-term capital growth and distributions by investing in property securities listed on global sharemarkets, while managing exposure to global currencies

Unhedged –
To provide medium to long-term capital growth and distributions by investing in property securities listed on global sharemarkets

Benchmark Hedged – class A – from inception to 31/03/09 = UBS Investors Global Real Estate Index ex Australia (Net dividends reinvested) hedged in A\$, from 31/03/09 = FTSE EPRA/NAREIT Developed Index Net TRI - hedged in A\$

Unhedged –
FTSE EPRA/NAREIT Developed Index Net TRI - unhedged in A\$

Risk profile



Time horizon 7 years

Distribution frequency Half-yearly

Inception date Hedged – class A:
31/3/05
Unhedged:
01/11/09

Minimum investment \$20,000

MER/ICU 0.95% (both Funds)

APIR code Hedged – class A:
GTU0041AU
Unhedged:
GTU0061AU

**Invesco does not guarantee that the Fund will achieve its objective.*

Performance analysis - unhedged Fund (periods to 30 April 2012)

Net performance

Periods	Fund %
1 month	1.72
3 months	9.15
6 months	11.46
1 year	4.39
2 years p.a.	3.01
Calendar year to date	13.09
Financial year to date	4.29
Since inception p.a.	5.38

The Fund returns are shown after ongoing fees and assumes reinvestment of income. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences.

Net distribution growth splits

Periods	Distribution %	Growth %	Total %
3 months	0.00	9.15	9.15
6 months	0.00	11.46	11.46
1 year	5.14	-0.75	4.39
2 years p.a.	3.78	-0.77	3.01

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	0.72	-0.80
2 years p.a.	0.97	-1.16
Since inception p.a.	0.95	-1.56

Fund analysis (as at 30 April 2012)

The data in the tables below is based on the underlying portfolio, i.e. the unhedged Fund, into which the hedged Fund directly invests.

Country allocation

Country	Fund %
Australia	8.54
Austria	0.32
Belgium / Luxembourg	0.00
Canada	5.09
Cayman Islands	0.48
Finland	0.35
France	3.76
Germany	0.93
Greece	0.00
Hong Kong	11.25
Israel	0.00
Italy	0.09
Japan	9.14
Netherlands	0.71
New Zealand	0.00
Norway	0.19
Singapore	4.24
Spain	0.00
Sweden	1.08
Switzerland	0.63
United Kingdom	5.12
United States	45.86
[Cash]	2.21

Sector allocation

Sector	Fund %
Diversified	30.82
Healthcare	6.03
Industrial	5.34
Industrial/Office Mixed	1.33
Lodging/Resorts	3.55
Office	13.85
Residential	13.44
Retail	21.01
Self Storage	2.43
Specialty	0.00
[Cash]	2.21

Five largest overweight positions

Security	Fund %
Essex Property Trust Inc.	2.43
AvalonBay Communities Inc.	3.38
Kilroy Realty Corp.	1.39
Duke Realty Corp.	1.33
Host Hotels and Resorts Inc.	2.19

Five largest underweight positions

Security	Fund %
Vornado Realty Trust	0.03
Federal Realty Investment Trust	0.00
Simon Property Group Inc.	4.59
Health Care REIT Inc.	0.72
New World Development Co. Ltd.	0.00

10 largest holdings

Security	Fund %
Simon Property Group Inc.	4.59
AvalonBay Communities Inc.	3.38
Equity Residential	2.55
Ventas Inc.	2.51
Essex Property Trust Inc.	2.43
Mitsui Fudosan Co. Ltd.	2.42
Prologis Inc.	2.42
Boston Properties Inc.	2.25
Sun Hung Kai Properties Ltd.	2.23
Host Hotels and Resorts Inc.	2.19

Note: Security selection will change. You should not rely on this statement in making an investment decision about any security, but should make your own independent enquiries.

Monthly commentary

Market review

To varying degrees of magnitude and concern, global macro-economic data trends weakened in April. Forward looking US data indicators modestly decelerated but remain positive. European growth and employment data remains weak, under the influence of austerity. Asian and developing nation growth more generally is slowing, but mostly remains at comfortably high levels. Worries about the upcoming French election and Spain's inability to control its budget deficit and stimulate growth weighed on most Western capital markets in the period. However, most Asian markets fared better, buoyed by more positive fundamental data and prospects for stimulus. Listed real estate generally outperformed wider equity indices, led by the performance of Hong Kong/China and Australian real estate. French, Dutch and Belgian real estate posted weakest returns. Fundamental real estate data-points during the period have been notably positive in North America and Asia in respect of rent and occupancy trends. However, the weak growth environment in Europe is beginning to become evident in increasing vacancy trends in weaker real estate markets and assets in Europe. Investment transactions for real estate assets in all regions of the globe continue to evidence stable to favourable capital value trends where asset and underlying income quality is good.

US

Many US economic indicators decelerated during April, evidencing the relatively modest pace of economic growth during this part of the cycle. Nevertheless, the trend continues to remain positive, albeit weak compared to prior economic recoveries. Interest rates remained low with the 10-year treasury yield falling during the month as some investors adopted a more risk averse stance, pushing up treasury prices. Low interest rates remain beneficial to the REIT market, allowing the market to outperform general equities during this relatively low growth environment. Commercial real estate fundamentals continued to improve in April with most data pointing toward rising rents and occupancy rates across most markets. Within the REIT market, some of the more economically sensitive sectors tended to underperform, including the Industrial sector. Conversely, the self-storage sector, which tends to be a bit less economically sensitive, outperformed during the month.

Canada

Canadian economic news was mixed in April. The Bank of Canada conveyed more positive growth expectations and raised its 2012 GDP forecast. However, GDP data for February was weaker than expected and some of the major banks modestly reduced their forecasts. Ultimately, expectations for slow growth and accommodative monetary policy persist which should foster a favourable environment for real estate companies. Canadian real estate markets are continuing to experience positive fundamentals in the form of moderate job growth, low vacancy, and limited supply. Canadian REITs outperformed both the Canadian broad market and the global REIT benchmark in April. Smaller cap multifamily exposures performed best after private investors acquired TransGlobe Apartment REIT at favourable relative pricing.

Europe

Economic data from Europe has generally trended weaker during April. Its negative impact on the capital markets has been augmented by concerns over the implementation and direction of austerity policies and uncertainties in the political environment across the region. The upcoming presidential elections in France and the inability of Spain to make meaningful inroads into its budget deficit and return to reasonable GDP growth drove risk aversion during the month. Real estate securities generally outperformed wider equities during the period, with UK and Swiss listed real estate companies delivering most positively. French, Dutch and Belgian REITs were key underperformers, although a number of these companies paid their annual dividends in April. A notable trend in recent company disclosures for European listed real estate has been a modest weakening in occupancy levels, which hitherto during the past four years have been very stable. Secondary quality Office, Retail and Industrial assets appear to be showing this weakness most clearly, which is consistent with valuation decreases that have been seen and continue to be expected for weaker real estate in the region. However, prime assets continue to be well bid from both an investor and tenant perspective. Residential rental markets remain generally attractive.

Asia

Asian economic data reaffirmed the slowing trend in economic growth, while inflation indicators remain somewhat stubborn in certain regions such as Hong Kong and Singapore. March lending activities were stronger than expected, but China's Q1 GDP growth registered a below-expectation 8.1%. Regional authorities continued to make policy adjustments according to their assessment of the economic outlook. During the month, amid stronger-than-expected GDP growth and inflation, the Monetary Authority of Singapore (MAS) adjusted upward its currency target. Meanwhile, the Bank of Japan also announced an extension and expansion of its asset purchase plan by JPY10trn, which exceeded market expectations. Across commercial real estate markets in the region, financial centre markets such as Hong Kong and Singapore started seeing early signs of stabilization in employment conditions for key grade-A office tenants. China property stocks led the regional peers in performance, partly due to improved physical market activities and increased signs of supportive measures for end-user demand. In contrast, Singapore developer stocks, particularly the residential developers, lagged.

Australia

The Australian economy remains in a relatively positive position. However, in response to a general trend of weakening global growth and weakening local confidence indicators, the Reserve Bank of Australia reduced its cash rate in April by 0.5% to 3.75%. Recent trends of falling inflation offered the opportunity to move relatively aggressively, with authorities keen to offer support to recent weakness in the housing market. Australian REITs performed well in April, in local currency terms, comfortably outperforming the local general equity indices. Higher quality REITs or those REITs with residential exposure generally outperformed, with performance led by CFS Retail, Westfield, Mirvac and Stockland.

Contributors to performance

(Please note that the attribution performance and details below apply to the securities portfolio only)

Performance of global real estate securities was positive for the month with the portfolio outperforming its benchmark. A modest cash holding detracted from relative performance.

Added value:

- Key contributors to were stock selection in Hong Kong and the UK.
- In Hong Kong, an overweight to Shimao Property Holdings and out-of-index holding, China Resources Land, contributed positively.
- In the UK, an overweight to Shaftesbury PLC, a West End of London-focused company, also proved favourable, reflecting its strong earnings growth profile and income security profile. No exposure to industrial property owner Segro PLC added value
- No exposure to underperforming Belgium also helped relative performance.

Detracted value:

- An overweight exposure to underperforming France and underweight exposures to outperforming Canada and Switzerland were key detractors from relative performance. Stock selection in the US and Australia also detracted from performance.
- In the US, holdings in Vornado Realty Trust, Simon Property and Prologis Inc. were the main detractors.
- No exposure to diversified REIT, Mirvac Group, in Australia also hurt relative performance.

Market outlook and portfolio strategy

The global economic environment remains supportive of generally solid economic growth trends. However, there may be exceptions, particularly in Europe, where the path toward sustained and higher levels of growth is unlikely to be smooth and may include periods of negative GDP growth. The effects of austerity measures in many of the developed economies are being evidenced by below long-term average GDP growth prospects, while the uncertainties surrounding long and short-term management of debt burdens and government spending deficits remain very evident. The political nature of the economic policy decision-making process and an above average risk of a systemic event add an extra dimension of uncertainty to an already complex process and create the increased likelihood of volatility in the capital markets.

In the developing world, the challenges are less painful but are equally impactful on capital market sentiment. Recent policies to control growth and inflation have taken effect and are leading, along with more modest developed world consumption, to moderating growth expectations. However, with underlying urbanization trends likely to remain intact and opportunities to relax monetary and fiscal policy if needs be, many developing nations are expected to offer attractive conditions for above average investment returns within the universe of listed real estate investments. Most underlying real estate markets and sectors in developed economies are still seeing modest tenant demand. By contrast, underlying markets in most developing nations continue to evidence much higher levels of demand and structural under-supply of institutional quality property.

In most markets across the globe, supply of new real estate remains limited and absolute levels of vacancy remain below historical high points. Development finance for real estate in much of the developed world is prohibitively expensive or unavailable. The relative lack of new construction in recent years is creating more orderly real estate rental markets, offering better rental growth prospects when combined with trade, employment or consumption growth.

Security of earnings from lease contracts and the effect of still low levels of interest rates are proving supportive for cash flow from the sector. Investment demand for real estate assets continues to be solid for above average quality assets, which is positive for listed company net asset values. Above average levels of inflation are tending to be supportive to quality real estate, particularly as a spread between initial yields and sovereign yields remains wide, and a number of global lease structures offer annual indexation of rent. However, secondary quality real estate assets remain challenging to rent and continue to be vulnerable to capital value decline.

While there is continuing re-appraisal of risk and return requirements for all investment classes, real estate securities valuations currently appear fair by longer-term standards and relatively attractive from a yield perspective. With generally healthy balance sheets and access to multiple sources of investment capital, most listed real estate companies are able to focus on earnings growth through acquisition and, where appropriate, modest new development. We maintain our bias toward companies with higher quality assets, tenant rosters and flexible, generally lower leveraged balance sheets with longer-term debt maturities.

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