

Invesco Wholesale Australian Share Fund - Class A

Monthly factsheet

31 July 2023

Fund Managers - Invesco Australian Equities Team

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Fund facts at a glance

Asset class
Australian equities

Objective¹
The Fund aims to provide long-term capital growth and distributions by investing in securities listed on the Australian sharemarket

Management style
Style-neutral, quantitative

Benchmark

- From inception to 31/3/00 = ASX All Ordinaries Accumulation Index
- From 1/4/00 = S&P/ASX 300 Accumulation Index
- From 19/4/11 = S&P/ASX 200 Accumulation Index
- From 15/2/13 = S&P/ASX 300 Accumulation Index

Risk profile
High

Time horizon
7 years

Distribution frequency
Half-yearly

Inception date²
30/4/91

Minimum investment
\$20,000

MER/ICR
0.44%

Buy/Sell Spread
0.15%/0.15%

APIR code
CNA0811AU

Fund performance analysis (periods to 31 July 2023)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	3.84	2.89	0.95
3 months	1.46	2.03	-0.57
6 months	-0.91	1.02	-1.93
1 year	9.56	11.09	-1.53
2 years p.a.	2.50	4.18	-1.68
3 years p.a.	10.49	11.91	-1.42
5 years p.a.	6.66	7.46	-0.80
7 years p.a.	8.54	8.40	0.14
10 years p.a.	9.04	8.30	0.74
Calendar year to date	4.35	7.38	-3.03
Financial year to date	3.84	2.89	0.95
Since inception p.a.	9.50	9.36	0.14

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	2.17	-0.71	1.46
6 months	2.12	-3.03	-0.91
1 year	4.19	5.37	9.56
2 years p.a.	3.91	-1.41	2.50
3 years p.a.	3.69	6.80	10.49
5 years p.a.	3.31	3.35	6.66
7 years p.a.	3.38	5.16	8.54
10 years p.a.	3.43	5.61	9.04

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	2.57	-0.60
2 years p.a.	2.87	-0.58
3 years p.a.	2.51	-0.57
5 years p.a.	2.57	-0.31
7 years p.a.	2.79	0.05
10 years p.a.	2.68	0.28
Since inception p.a.	2.62	0.06

Assets under management

	A\$m
Fund AUM:	305.91
Strategy AUM:	305.91

Fund analysis (as at 31 July 2023)

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	4.19	4.02	0.17
Consumer Discretionary	8.50	6.62	1.88
Consumer Staples	2.73	4.64	-1.90
Energy	7.51	5.61	1.90
Financials Ex Lpt	27.73	28.03	-0.30
Health Care	7.30	9.36	-2.06
Industrials	9.39	7.18	2.21
Information Technology	1.96	2.71	-0.75
Materials Ex Metals and Mining	2.03	2.43	-0.40
Metals and Mining	22.96	21.76	1.20
Other	1.02	0.00	1.02
Real Estate	3.74	6.15	-2.42
Utilities	0.93	1.50	-0.56
Cash [net of payables]	0.00	0.00	0.00

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Helia Group Limited	2.19	0.05	2.14
Super Retail Group Limited	2.07	0.09	1.98
JB Hi-Fi Limited	2.18	0.22	1.96
Brambles Limited	2.72	0.87	1.86
Fortescue Metals Group Ltd	3.48	1.63	1.85

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Commonwealth Bank of Australia	5.78	7.93	-2.14
Wesfarmers Limited	0.53	2.50	-1.97
CSL Limited	4.05	5.76	-1.71
Macquarie Group, Ltd.	1.17	2.83	-1.66
Woolworths Group Ltd	0.61	2.09	-1.48

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
BHP Group Ltd	12.08	10.36	1.72
Commonwealth Bank of Australia	5.78	7.93	-2.14
Westpac Banking Corporation	4.34	3.49	0.85
Woodside Energy Group Ltd	4.18	3.21	0.97
CSL Limited	4.05	5.76	-1.71
ANZ Group Holdings Limited	3.74	3.44	0.30
National Australia Bank Limited	3.55	3.97	-0.41
Fortescue Metals Group Ltd	3.48	1.63	1.85
Telstra Group Limited	3.43	2.19	1.24
Brambles Limited	2.72	0.87	1.86

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.

Market review

Australian equities were broadly positive in July, benefiting from the pause in RBA rate hikes. Led by Energy and Financials, most sectors bounced off their lows for the month, with the exception of staples and health care. The gap between earnings and dividend yields vs. AU 10Y has continued to narrow, while dividend yields are now at parity with bond yields. Valuations are above average, while earnings momentum is still lagging.

In July, Momentum detracted slightly, while Value and Quality had a significantly positive impact on performance over the month. Stock specific effects, which are not attributable to any proprietary factor, had a positive impact as well.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly negative over the month. Here, our marginal underweight in the Consumer Staples sector had a negative impact, while our overweight in the Consumer Discretionary and Energy sectors contributed positively to returns.

Contributors to performance

Over July, the Australian multi-factor model posted moderately positive results, with Quality and Value ending the month in positive territory. Momentum had a weak start to the month but was able to manage a flat performance to end the month. Among the factors, Value was the strongest in the model, while Quality was close behind.

Within our Australian universe, the highest rated stocks identified by our multi-factor model were flat, while the least attractively rated stocks outperformed.

Risk management

During the month we made several adjustments to the portfolio as a result of our multi-factor portfolio optimisation process.

Amongst others, we increased our position in Sonic Healthcare Inc. based on an overall attractive factor profile and QBE Insurance Group based on its strong Momentum score. On the other hand, we reduced our position in CSL and Bendigo & Adelaide Bank due to their negative Quality factor scores.

The ex-ante tracking error of the fund was at 2.48% at month-end. Attributing by sources of active risk, the majority of 79% is associated with our multi-factor model, which includes stock-specific risks as a by-product of our stock selection process. Risk indices representing other style exposures within the portfolio contributed 7% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 14%. The portfolio beta with respect to S&P/ASX 300 was estimated 1.0 at month-end.

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Notes

- ¹ Invesco does not guarantee that the Fund will achieve its objective.
 - ² The IQS team assumed management of the fund on 15 February 2013. Prior to this date, the fund was run primarily on a 'fundamental value' basis.
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Important information

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