

Invesco Wholesale Australian Share Fund - Class A

Monthly factsheet

31 August 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 August 2023)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-0.83	-0.76	-0.07
3 months	4.92	3.88	1.04
6 months	1.52	2.87	-1.35
1 year	7.56	8.96	-1.40
2 years p.a.	1.78	2.45	-0.67
3 years p.a.	9.25	10.51	-1.26
5 years p.a.	6.39	6.99	-0.60
7 years p.a.	8.41	8.53	-0.12
10 years p.a.	8.61	7.95	0.66
Calendar year to date	3.48	6.56	-3.08
Financial year to date	2.98	2.11	0.87
Since inception p.a.	9.45	9.31	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	2.25	2.67	4.92
6 months	2.18	-0.66	1.52
1 year	4.12	3.44	7.56
2 years p.a.	3.89	-2.11	1.78
3 years p.a.	3.65	5.60	9.25
5 years p.a.	3.30	3.09	6.39
7 years p.a.	3.39	5.02	8.41
10 years p.a.	3.42	5.19	8.61

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	2.57	-0.55
2 years p.a.	2.51	-0.27
3 years p.a.	2.50	-0.50
5 years p.a.	2.54	-0.24
7 years p.a.	2.72	-0.04
10 years p.a.	2.67	0.25
Since inception p.a.	2.62	0.06

Assets under management

	A\$m
Fund AUM:	273.06
Strategy AUM:	273.06

Fund analysis (as at 31 August 2023)

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	4.03	4.01	0.02
Consumer Discretionary	8.34	7.03	1.31
Consumer Staples	2.50	4.51	-2.01
Energy	7.47	5.59	1.88
Financials Ex Lpt	27.95	27.93	0.01
Health Care	7.46	9.37	-1.91
Industrials	9.28	7.10	2.18
Information Technology	2.09	2.70	-0.61
Materials Ex Metals and Mining	2.24	2.51	-0.27
Metals and Mining	22.61	21.46	1.15
Other	1.33	0.00	1.33
Real Estate	3.73	6.30	-2.57
Utilities	0.96	1.49	-0.52
Cash [net of payables]	-0.01	0.00	-0.01

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Brambles Limited	2.98	0.94	2.04
Helia Group Limited	2.07	0.05	2.02
Super Retail Group Limited	2.07	0.09	1.97
JB Hi-Fi Limited	2.02	0.23	1.79
Qantas Airways Limited	2.19	0.48	1.71

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
CSL Limited	3.84	5.95	-2.11
Wesfarmers Limited	0.65	2.76	-2.10
Macquarie Group, Ltd.	0.85	2.91	-2.05
Commonwealth Bank of Australia	6.04	7.77	-1.73
Woolworths Group Ltd	0.75	2.10	-1.34

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
BHP Group Ltd	11.87	10.25	1.62
Commonwealth Bank of Australia	6.04	7.77	-1.73
Westpac Banking Corporation	4.50	3.47	1.03
Woodside Energy Group Ltd	4.07	3.17	0.90
ANZ Group Holdings Limited	3.88	3.43	0.45
CSL Limited	3.84	5.95	-2.11
Fortescue Metals Group Ltd	3.34	1.64	1.71
Telstra Group Limited	3.19	2.09	1.10
National Australia Bank Limited	3.01	4.10	-1.09
Brambles Limited	2.98	0.94	2.04

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

During the month of August, equity markets in Australia posted negative returns with the ASX 300 declining due to weak sector performances from utilities, consumer staples and industrials. The Reserve Bank of Australia opted to hold interest rates at 4.1% citing the fact that past increases had shown signs of cooling demand. It is now forecasting inflation falling back to target in late 2025. In addition, Australia's unemployment rate rose by 20bps from 3.5% to 3.7%, while the Q2 year-on-year wage growth slowed to 3.6%, below estimates of 3.7%.

In August, Value detracted slightly, while Momentum and Quality had a positive impact on performance over the month. On the other hand, stock specific effects, which are not attributable to any proprietary factor, had a negative impact.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was positive over the month. Here, both our overweight in the Energy sector and our underweight on the Health Care sector had a positive impact, while our underweight on the Gold sector contributed negatively to results.

Contributors to performance

Over August, the Australian multi-factor model posted positive results, with Quality, Momentum and Value ending the month in positive territory. All three factors showed a constant positive performance over the whole month. Among the factors, Quality was the strongest in the model.

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

Risk management

During the month we made several adjustments to the portfolio as a result of our multi-factor portfolio optimization process. Amongst others, we increased our positions in Commonwealth bank of Australia based on an attractive Quality factor profile and in the QBE Insurance Group based on its strong Momentum score. On the other hand, we reduced our position in the National Australia Bank and in the Macquarie Group due to their weak overall factor model score.

The ex-ante tracking error of the fund was at 2.49% at month-end. Attributing by sources of active risk, the majority of 70% 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 5% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 8%. 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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