

Invesco Wholesale Australian Share Fund - Class A

Monthly factsheet

31 August 2022

Fund Managers - Invesco Australian Equities Team

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Fund performance analysis (periods to 31 August 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	1.01	1.18	-0.17
3 months	-3.72	-2.41	-1.31
6 months	-0.31	0.59	-0.90
1 year	-3.69	-3.67	-0.02
2 years p.a.	10.11	11.30	-1.19
3 years p.a.	6.25	5.64	0.61
5 years p.a.	8.62	8.24	0.38
7 years p.a.	10.07	8.63	1.44
10 years p.a.	10.26	9.34	0.92
Calendar year to date	-4.15	-3.93	-0.22
Financial year to date	6.21	7.20	-0.99
Since inception p.a.	9.51	9.32	0.19

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	2.90	-6.62	-3.72
6 months	3.00	-3.31	-0.31
1 year	3.67	-7.36	-3.69
2 years p.a.	3.41	6.70	10.11
3 years p.a.	3.19	3.06	6.25
5 years p.a.	3.29	5.33	8.62
10 years p.a.	3.33	6.93	10.26

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	2.53	-0.01
2 years p.a.	2.52	-0.47
3 years p.a.	2.69	0.23
5 years p.a.	2.86	0.13
10 years p.a.	2.68	0.34
Since inception p.a.	2.62	0.07

Fund analysis (as at 31 August 2022)

Assets under management

	A\$m
Fund AUM:	181.83
Strategy AUM:	181.83

Fund ratings



1

2



Fund facts at a glance
Asset class Australian equities
Objective³ The Fund aims to provide long-term capital growth and some distributions by investing in larger capitalisation securities listed on the Australian sharemarket.
Management style Style-neutral, quantitative
Benchmark <ul style="list-style-type: none"> 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 date⁴ 30/4/91
Minimum investment \$20,000
MER/ICR 0.44%
Buy/Sell Spread 0.15%/0.15%
APIR code CNA0811AU

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	0.83	3.90	-3.07
Consumer Discretionary	5.39	6.68	-1.29
Consumer Staples	6.64	4.98	1.66
Energy	7.98	6.03	1.95
Financials Ex Lpt	26.07	27.93	-1.87
Health Care	7.83	10.20	-2.38
Industrials	7.40	6.14	1.26
Information Technology	3.65	3.24	0.40
Materials Ex Metals and Mining	3.36	2.58	0.77
Metals and Mining	21.05	20.47	0.58
Real Estate	4.48	6.46	-1.99
Utilities	0.39	1.38	-0.99
[Other]	4.94	0.00	4.94
Cash [net of payables]	0.01	0.00	0.01

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Metcash Limited	2.06	0.19	1.87
JB Hi-Fi Limited	2.02	0.21	1.82
Sonic Healthcare Limited	2.56	0.77	1.79
Incitec Pivot Limited	2.11	0.36	1.75
Graincorp Limited Class A	1.82	0.09	1.73

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Wesfarmers Limited	0.48	2.51	-2.03
CSL Limited	4.72	6.65	-1.94
Woolworths Group Ltd	0.26	2.06	-1.80
Telstra Corporation Limited	0.48	2.17	-1.69
Macquarie Group, Ltd.	1.32	3.01	-1.69

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
BHP Group Ltd	9.29	9.67	-0.38
Commonwealth Bank of Australia	9.00	7.82	1.17
CSL Limited	4.72	6.65	-1.94
National Australia Bank Limited	3.87	4.63	-0.75
Woodside Energy Group Ltd	3.60	3.04	0.56
Westpac Banking Corporation	3.32	3.56	-0.24
Australia and New Zealand Banking Group Limited	3.23	3.20	0.03
Rio Tinto Limited	3.01	1.65	1.36
Sonic Healthcare Limited	2.56	0.77	1.79
Incitec Pivot Limited	2.11	0.36	1.75

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.

Performance Commentary

Australian equities gained slightly over August, mainly driven by strong gains in the Energy sector. The Materials and Telcos sectors showed a positive performance over the last month as well, while the Real Estate and Consumer Staples sectors lagged the most. During the month the RBA (Reserve Bank of Australia) increased its cash rate by 50bps to 1.85% due to further increasing inflation. Data wise, Australian wage price data surprised to the downside, with the price index rising in the second quarter.

In this environment, the portfolio performed 1.05% on a gross basis relative to a benchmark return of 1.18%.

Our multi-factor model had a negative effect on the active performance in August. Quality and Momentum contributed positively to relative return during the month while Value had a negative effect on the monthly performance. Stock-specific effects, which are not attributable to any other factor, further weighed on the negative performance.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was positive. Here, our overweight in the Materials sector and underweight in the Financials sector added the most to performance while our underweight in Telecommunication Services sector decreased performance.

Model Commentary

Invesco's multi-factor model evaluates the attractiveness of stocks based on our proprietary factors. With the calculation of multiple analytical metrics, we determine their predictive ability in our investable universe for the previous month.

Over August, our Australian multi-factor model posted positive results with Momentum turning into positive territory while Quality and Value posted moderately negative results. Within Value, our preference for defensive value measures was not rewarded. Momentum ended in positive territory with price momentum outperforming earnings momentum. Defensive segments of the market such as Quality, low risk and low beta stocks rebounded after a weak beginning of the month, with low risk and low beta overperforming the broader market. Quality posted moderately negative returns underperforming the market.

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

Portfolio Activity

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 Bendigo & Adelaide Bank based on its positive Momentum and Value score. On the other hand, we reduced our position in Macquarie Group Limited as a result of its negative Value score.

Risk management

The ex-ante tracking error of the fund was at 3.53% (ex post indicative range 2-3%) at month-end. At 67%, the major part of active risk 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 10% to active risk. Industry risk contribution, a by-product of stock selection, represented an additional 9%. Within a product specific range, the portfolio beta was 1.0 at month-end.

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Notes

¹The rating issued for CNA0811AU September 2021 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

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³Invesco does not guarantee that the Fund will achieve its objective.

⁴The IQS team assumed management of the fund on 15th February 2013. Prior to this date, the fund was run primarily on a ‘fundamental value’ basis.

Important information

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