

Fund performance analysis (periods to 30 November 2020)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	9.29	10.23	-0.94
3 months	6.61	8.27	-1.66
6 months	14.11	14.98	-0.87
1 year	0.71	-1.62	2.33
2 years p.a.	11.53	11.35	0.18
3 years p.a.	7.54	7.06	0.48
5 years p.a.	10.74	9.14	1.60
10 years p.a.	7.97	8.10	-0.13
Calendar year to date	1.87	0.41	1.46
Financial year to date	10.92	12.25	-1.33
Since inception p.a.	9.62	9.40	0.22

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.

Fund Managers



IQS Australian Equities team members (as pictured):

- **CJ Tsai**
Portfolio Manager
- **Neil Lahy**
Senior Portfolio Manager
- **Ritchard Longmire**
Senior Portfolio Manager
- **Andre Roberts**
Senior Portfolio Manager
- **Nicole Schnuderl**
Senior Portfolio Manager

Net distribution growth splits

Periods	Distribution %	Growth %	Total %
3 months	0.00	6.61	6.61
6 months	1.95	12.16	14.11
1 year	2.83	-2.12	0.71
2 years p.a.	3.15	8.38	11.53
3 years p.a.	3.21	4.33	7.54
5 years p.a.	3.32	7.42	10.74
10 years p.a.	3.34	4.63	7.97

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.23	0.72
2 years p.a.	2.65	0.07
3 years p.a.	3.08	0.15
5 years p.a.	2.90	0.55
10 years p.a.	2.93	-0.04
Since inception p.a.	2.63	0.09

Fund ratings



1



Fund facts at a glance

Asset class

Australian equities

Objective²

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

- 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 date

30/4/91

Minimum investment

\$20,000

MER/ICR

0.44%

Buy/Sell Spread

0.20%/0.20%

APIR code

CNA0811AU

² Invesco does not guarantee that the Fund will achieve its objective. This Fund changed its strategy to Australian Core Equity on 15 February 2013.

Australian Core Equity Strategy (periods to 30 November 2020)

In the table below we show the full performance history (gross of fees) of the Invesco Australian Core Equity Strategy since inception (30/6/08). The Fund adopted this strategy on 15 February 2013.

Gross performance

Periods	Strategy %	Benchmark %	Value added %
1 month	9.33	10.23	-0.90
3 months	6.72	8.27	-1.55
6 months	14.35	14.98	-0.63
1 year	1.16	-1.62	2.78
2 years p.a.	12.02	11.35	0.67
3 years p.a.	8.16	7.06	1.10
5 years p.a.	11.51	9.14	2.37
10 years p.a.	10.51	8.01	2.50
Calendar year to date	2.28	0.41	1.87
Financial year to date	11.13	12.25	-1.12
Since inception p.a.	7.57	6.26	1.31

Returns can go up and down. 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.

Fund analysis (as at 30 November 2020)

Assets under management

	A\$m
Fund AUM:	55.13
Strategy AUM:	170.25

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	2.64	4.15	-1.51
Consumer Discretionary	8.56	7.66	0.91
Consumer Staples	5.18	5.82	-0.65
Energy	4.00	3.83	0.17
Financials Ex Lpt	26.38	27.61	-1.23
Health Care	11.87	11.27	0.60
Industrials	7.55	7.48	0.07
Information Technology	4.69	4.30	0.39
Materials Ex Metals and Mining	3.00	3.10	-0.10
Metals and Mining	16.31	15.92	0.39
Real Estate	6.33	7.39	-1.06
Utilities	0.85	1.47	-0.62
[Other]	2.37	0.00	2.37
[Cash]	0.27	0.00	0.27

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Janus Henderson Group PLC	1.26	0.07	1.19
Beach Energy Limited	1.25	0.15	1.10
Santos Limited	1.67	0.58	1.09
Fortescue Metals Group Ltd	2.63	1.61	1.02
Resmed Inc	1.51	0.50	1.01

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
National Australia Bank Limited	2.90	4.01	-1.11
CSL Limited	6.10	7.19	-1.09
Woodside Petroleum Ltd	0.25	1.14	-0.89
Xero Limited	0.00	0.82	-0.82
Cochlear Limited	0.00	0.77	-0.77

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Commonwealth Bank of Australia	7.90	7.45	0.44
BHP Group Ltd	6.80	5.97	0.83
CSL Limited	6.10	7.19	-1.09
Australia and New Zealand Banking Group Limited	4.22	3.42	0.80
Wesfarmers Limited	3.88	2.99	0.89
Woolworths Group Ltd	3.36	2.49	0.87
Westpac Banking Corporation	3.11	3.87	-0.76
Rio Tinto Limited	2.97	2.00	0.96
National Australia Bank Limited	2.90	4.01	-1.11
Fortescue Metals Group Ltd	2.63	1.61	1.02

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

Performance Commentary

It was a record month for Australian equities, with stocks soaring to crown the best November for the benchmark and the best month in over 30 years, despite news of rising trade tensions between China and Australia. The S&P/ASX 200 rebounded 9.96% due to the impressive suppression of COVID-19 across the country and the sharp rotation in value and domestic cyclicals.

Stocks got off to a positive start for the month when the RBA announced a new \$100 billion government bond purchase program. Economic data also supported equities as the ABS reported the trade surplus increased by A\$3 billion to A\$5.63 billion in September, with export values up 4% and imports down 6%.

The stock market closed at its highest level since March following the US election, despite President Donald Trump's legal challenges to the result. In addition, better than expected job data and news of the successful development of a vaccine from Pfizer and Biontech drove stocks higher. Over the month, energy stocks and financials were favoured the most and outperformed the broader market whereas Consumer Staples stocks closed the month in negative territory. Smaller capitalised stocks outperformed their larger counterparts over the course of the month.

In this environment, the portfolio performed 9.33% on a gross basis relative to a benchmark return of 10.23%.

Our multi-factor stock selection model had a negative impact on relative performance with both our Earnings Momentum and Price Momentum factors detracting from active return. Quality and Value, on the other hand, were slightly positive in the portfolio but unable to offset Momentum's detraction. Stock-specific effects, which cannot be attributed to any other factors, further weighed on return.

Other factors also weighed on active performance. The contribution from active weights in sectors, which are a by-product of the multi-factor optimisation process, was flat. Here, Overweights in the materials and health care sectors were the largest contributors, while underweights in financials as well as in communication services had the largest negative impact.

Model Commentary

The predictive ability of our multi-factor model was negative in November with all four factors Earnings Momentum, Price Momentum, Quality and Value ending the month in the red. After a mixed start for the month for Momentum, investors fled Momentum stocks following positive vaccine trial results. Value recovered some ground after the news, but still ended the month in deeply red territory. Our Quality factor also remained challenged. Focusing on Value performance, Book Yield was the only factor revealing positive efficacy, while our preferred measures Cash Flow Yield and Earnings Yield did not help.

We saw smaller capitalised stocks outperforming the broad market for the month, in sync with high volatility stocks, which indicated a clear risk-on environment. Consequently, our highest rated stocks strongly underperformed relative to the Australian universe, while the least attractively rated stocks significantly outperformed the broader market.

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 Afterpay based on its strong momentum and scores. On the other hand, we decreased our position in Telstra as a result of its negative Earnings Momentum and Price Momentum scores.

Risk management

The ex-ante tracking error of the fund was at 2.32% (ex post indicative range 2-3%) at month-end. At 89%, 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 1%. Within a product specific range, the portfolio beta was 0.97 at month-end.



Contact

Email: AU.enquiries@invesco.com
Website: www.invesco.com.au
Tel: 1800 917 495

Important information

¹ The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned June 2020) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

This document has been prepared by Invesco Australia Ltd (Invesco) ABN 48 001 693 232, Australian Financial Services Licence number 239916, who can be contacted on freecall 1800 813 500, by email to info@au.invesco.com, or by writing to GPO Box 231, Melbourne, Victoria, 3001. You can also visit our website at www.invesco.com.au

This document contains general information only and does not take into account your individual objectives, taxation position, financial situation or needs. You should assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision. A Product Disclosure Statement (PDS) for any Invesco fund referred to in this document is available from Invesco. You should read the PDS and consider whether a fund is appropriate for you before making a decision to invest.

Invesco is authorised under its licence to provide financial product advice, deal in financial products and operate registered managed investment schemes. If you invest in an Invesco Fund, Invesco may receive fees in relation to that investment. Details are in the PDS. Invesco's employees and directors do not receive commissions but are remunerated on a salary basis. Neither Invesco nor any related corporation has any relationship with other product issuers that could influence us in providing the information contained in this document.

Investments in the Invesco funds are subject to investment risks including possible delays in repayment and loss of income and principal invested. Neither Invesco nor any other member of the Invesco Ltd Group guarantee the return of capital, distribution of income, or the performance of any of the Funds. Any investments in the Funds do not represent deposits in, or other liabilities of, any other member of the Invesco Ltd Group.

Invesco has taken all due care in the preparation of this document. To the maximum extent permitted by law, Invesco, its related bodies corporate, directors or employees are not liable and take no responsibility for the accuracy or completeness of this document and disclaim all liability for any loss or damage of any kind (whether foreseeable or not) that may arise from any person acting on any statements contained in this document.

This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else.

© Copyright of this document is owned by Invesco. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco.