

Monthly factsheet

31 October 2022

Fund Managers - Invesco Australian Equities Team

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Fund performance analysis (periods to 31 October 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	5.90	5.96	-0.06
3 months	1.24	0.46	0.78
6 months	-6.34	-5.77	-0.57
1 year	-0.98	-2.61	1.63
2 years p.a.	11.62	11.90	-0.28
3 years p.a.	5.92	4.86	1.06
5 years p.a.	7.48	7.23	0.25
7 years p.a.	9.58	8.30	1.28
10 years p.a.	9.72	8.71	1.01
Calendar year to date	-3.93	-4.61	0.68
Financial year to date	6.46	6.44	0.02
Since inception p.a.	9.47	9.24	0.23

Fund ratings



1

2



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	1.24	1.24
6 months	2.82	-9.16	-6.34
1 year	3.77	-4.75	-0.98
2 years p.a.	3.46	8.16	11.62
3 years p.a.	3.19	2.73	5.92
5 years p.a.	3.25	4.23	7.48
7 years p.a.	3.32	6.26	9.58
10 years p.a.	3.31	6.41	9.72

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	2.57	0.63
2 years p.a.	2.59	-0.11
3 years p.a.	2.73	0.39
5 years p.a.	2.85	0.09
7 years p.a.	2.79	0.46
10 years p.a.	2.69	0.38
Since inception p.a.	2.62	0.09

Fund analysis (as at 31 October 2022)

Assets under management

	A\$m
Fund AUM:	192.85
Strategy AUM:	192.85

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 CNAO811AU

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	0.69	3.89	-3.20
Consumer Discretionary	5.51	6.68	-1.17
Consumer Staples	5.29	4.74	0.55
Energy	8.22	6.43	1.79
Financials Ex Lpt	30.04	29.63	0.41
Health Care	8.06	9.99	-1.93
Industrials	8.51	5.99	2.52
Information Technology	2.81	3.12	-0.31
Materials Ex Metals and Mining	3.29	2.47	0.82
Metals and Mining	20.56	19.57	0.99
Real Estate	5.68	6.24	-0.56
Utilities	0.36	1.24	-0.88
[Other]	1.07	0.00	1.07
Cash [net of payables]	-0.10	0.00	-0.10

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Commonwealth Bank of Australia	10.63	8.53	2.11
Bendigo and Adelaide Bank Ltd.	2.32	0.24	2.08
JB Hi-Fi Limited	2.24	0.22	2.01
Vicinity Centres	2.37	0.36	2.01
Metcash Limited	2.14	0.19	1.95

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Telstra Group Limited	0.00	2.16	-2.16
Wesfarmers Limited	0.48	2.46	-1.98
Woolworths Group Ltd	0.12	1.91	-1.79
Macquarie Group, Ltd.	1.34	2.94	-1.60
Australia and New Zealand Banking Group Limited	2.15	3.65	-1.50

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
Commonwealth Bank of Australia	10.63	8.53	2.11
BHP Group Ltd	10.31	9.03	1.28
Westpac Banking Corporation	5.06	4.03	1.03
CSL Limited	5.04	6.45	-1.41
National Australia Bank Limited	4.37	4.91	-0.55
Woodside Energy Group Ltd	3.96	3.26	0.70
Rio Tinto Limited	3.34	1.56	1.78
Sonic Healthcare Limited	2.49	0.75	1.74
Vicinity Centres	2.37	0.36	2.01
Bendigo and Adelaide Bank Ltd.	2.32	0.24	2.08

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

The Australian market soared over October, with the majority of sectors finishing the month higher. The Financials and Energy sectors showed the best performance while the Consumer Staples and Materials sectors were the laggards, being the only sectors ending the month in negative territory. Meanwhile Australian unemployment rate stabilised while CPI inflation continued to rise, reaching its highest level (7.3%) since 1990.

Our multi-factor model had a positive effect on the active performance in October. Momentum and Quality contributed positively to relative return during the month, with Momentum having the largest impact. Value weighted negatively on performance. Stock-specific effects, which are not attributable to any other factor, weighted positively on performance.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly negative. Here, our overweight in the Industrials and the Energy sector added positively to performance while our overweight in Materials sector had a strong negative impact on performance.

Model commentary

Over October, the Australian multi-factor model posted positive results. Momentum contributed positively, with earnings momentum outperforming price momentum. Quality posted flat returns while Value performed weaker throughout the month.

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.

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 Qantas Airways based on its positive factor score in Momentum, Quality and Value. On the other hand, we reduced our position in Australia and New Zealand Banking Group Ltd. as a result of its negative Quality factor score and negative alpha contribution.

Risk management

The ex-ante tracking error of the fund was at 3.32% at month-end. Attributing by sources of active risk, 66% 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 5% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 8%. Within a product specific range, the portfolio beta was 1.0 at month-end.

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Notes

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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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