

Fund performance analysis (periods to 31 October 2020)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	1.26	1.89	-0.63
3 months	0.05	1.22	-1.17
6 months	9.40	9.09	0.31
1 year	-4.63	-7.91	3.28
2 years p.a.	4.95	4.90	0.05
3 years p.a.	4.81	4.22	0.59
5 years p.a.	8.77	6.89	1.88
10 years p.a.	6.93	6.95	-0.02
Calendar year to date	-6.79	-8.91	2.12
Financial year to date	1.49	1.83	-0.34
Since inception p.a.	9.32	9.06	0.26

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

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	0.05	0.05
6 months	1.86	7.54	9.40
1 year	2.69	-7.32	-4.63
2 years p.a.	2.89	2.06	4.95
3 years p.a.	3.12	1.69	4.81
5 years p.a.	3.26	5.51	8.77
10 years p.a.	3.31	3.62	6.93

Fund ratings



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Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.00	1.09
2 years p.a.	2.67	0.02
3 years p.a.	3.04	0.19
5 years p.a.	2.87	0.66
10 years p.a.	2.92	0.00
Since inception p.a.	2.63	0.10



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 31 October 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	1.29	1.89	-0.60
3 months	0.16	1.22	-1.06
6 months	9.64	9.09	0.55
1 year	-4.21	-7.91	3.70
2 years p.a.	5.42	4.90	0.52
3 years p.a.	5.43	4.22	1.21
5 years p.a.	9.54	6.89	2.65
10 years p.a.	9.46	6.86	2.60
Calendar year to date	-6.44	-8.91	2.47
Financial year to date	1.64	1.83	-0.19
Since inception p.a.	6.85	5.47	1.38

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 31 October 2020)

Assets under management

	A\$m
Fund AUM:	54.89
Strategy AUM:	169.07

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	2.66	3.99	-1.33
Consumer Discretionary	8.27	7.77	0.50
Consumer Staples	5.56	6.44	-0.88
Energy	3.33	3.29	0.04
Financials Ex Lpt	24.83	26.32	-1.48
Health Care	12.91	12.05	0.86
Industrials	7.17	7.35	-0.18
Information Technology	4.55	4.54	0.00
Materials Ex Metals and Mining	2.71	3.10	-0.39
Metals and Mining	16.54	16.34	0.20
Real Estate	6.15	7.19	-1.04
Utilities	0.90	1.60	-0.70
[Other]	4.29	0.00	4.29
[Cash]	0.11	0.00	0.11

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Janus Henderson Group PLC	1.27	0.07	1.20
Codan Limited	1.27	0.08	1.19
Resmed Inc	1.69	0.55	1.14
Data#3 Limited.	1.13	0.06	1.08
JB Hi-Fi Limited	1.38	0.32	1.06

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
CSL Limited	6.54	7.65	-1.11
National Australia Bank Limited	2.64	3.59	-0.94
Westpac Banking Corporation	2.94	3.79	-0.85
Cochlear Limited	0.00	0.82	-0.82
Woodside Petroleum Ltd	0.22	0.98	-0.76

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Commonwealth Bank of Australia	7.32	7.16	0.16
CSL Limited	6.54	7.65	-1.11
BHP Group Ltd	6.52	5.83	0.69
Wesfarmers Limited	3.83	3.05	0.77
Australia and New Zealand Banking Group Limited	3.72	3.13	0.59
Woolworths Group Ltd	3.68	2.83	0.86
Westpac Banking Corporation	2.94	3.79	-0.85
Rio Tinto Limited	2.92	2.01	0.91
Fortescue Metals Group Ltd	2.65	1.69	0.96
National Australia Bank Limited	2.64	3.59	-0.94

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

The Australian market was among the best performing equity markets globally in October. Despite heavy selling at the end of the month, the ASX200 returned 1.94% throughout October, outperforming most other developed markets.

Equities were spurred by a market-friendly government budget that benefitted most ASX200 constituents as well as prospects of more monetary stimulus and potentially a quantitative easing program from the Reserve Bank of Australia. Moreover, resilience against a second wave of COVID-19 infections and the reopening of the Victorian economy compared favourably to the reintroduction of lockdowns in Europe and other developed markets which further helped investor sentiment. Throughout the month, information technology stocks and financials were favoured the most and outperformed the broader market. Smaller sized firms trailed their larger capitalised peers.

In this environment, the portfolio performed 1.29% on a gross basis relative to a benchmark return of 1.89%.

Our multi-factor stock selection model had a mixed impact on active performance. From a factor perspective, the largest positive impact came from the portfolio's exposure to momentum, a factor that continues to be an important source of active return generation in the Australian market. However, investors did not reward attractively valued stocks or companies with solid balance sheets and, thus, our exposure to value and quality weighed on relative performance. Stock-specific effects, i.e. effects that cannot be attributed to our factor model, hurt performance as well.

Other factors had a flat impact on relative performance. Contribution from relative sector positioning, which is a by-product of the multi-factor optimisation process, showed that our underweight in health care and an overweight in communication services slightly detracted, while overweights in information technology and consumer discretionary slightly helped relative performance.

Model Commentary

Factor performance was mixed in Australia last month. At the beginning of the month strong market gains were led by earnings momentum. However, as investors became less risk averse, quality and low volatility were the main laggards in this early month period. As markets lost their steam in the second half of October and volatility came back, a mid-month rotation occurred which favoured defensive factors, and quality and low volatility bounced back. Quality was unable to offset the losses from the first half of the month however and remained negative. Momentum remained relatively resilient but traded in a volatile fashion and ultimately finished the month in flat territory. Value was not rewarded throughout October.

Consequently, our highest rated stocks underperformed relative to the Australian universe, while the least attractively rated stocks 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 Sonic Healthcare based on its strong momentum and value scores. On the other hand, we decreased our position in CSL as a lower earnings momentum score made the stock's risk-return profile look less appealing.

Risk management

The ex-ante tracking error of the fund was 2.33% (ex post indicative range 2-3%) at month-end. At 94%, 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 4% 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 0.98 at month-end.



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Important information

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