

Fund performance analysis in AUD (periods to 31 October 2020)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-0.16	0.01	-0.17
3 months	2.01	0.03	1.98
6 months	10.06	0.05	10.01
1 year	-1.99	0.51	-2.50
2 years p.a.	-0.56	1.08	-1.64
3 years p.a.	0.99	1.35	-0.36
5 years p.a.	3.31	1.59	1.72
10 years p.a.	3.20		
Calendar year to date	-3.79	0.36	-4.15
Financial year to date	3.92	0.04	3.88
Since inception p.a.	5.31		

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.

The Invesco Wholesale Senior Secured Income Fund changed its strategy on 14th August 2014. Previously, the Fund was a diversified defensive portfolio with a capital protection strategy. The current Fund strategy aims to provide a regular monthly income by investing in senior secured loan securities.

Senior Secured Loans Strategy performance analysis in USD (periods to 31 October 2020)

Gross performance

Periods	Strategy %	Benchmark %	Value added %
1 month	-0.08	0.17	-0.25
3 months	2.23	2.38	-0.15
6 months	11.02	9.73	1.29
1 year	-0.19	1.50	-1.69
2 years p.a.	1.22	2.05	-0.83
3 years p.a.	2.43	2.99	-0.56
5 years p.a.	4.04	4.10	-0.06
10 years p.a.	4.72	4.31	0.41
Calendar year to date	-2.41	-0.66	-1.75
Financial year to date	4.33	4.31	0.02
Since inception p.a.	4.79	4.14	0.65

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.

The Senior Secured Loans Strategy returns shown in the table above is for representation purposes only and shows annualised gross performance in USD since Strategy inception (31/8/06) versus its stated benchmark (Credit Suisse Leveraged Loan Index in USD).

Fund Managers



Scott Baskind
Head of Senior Secured Bank Loans, Invesco Fixed Income



Kevin Egan
Senior Portfolio Manager, Invesco Fixed Income

Fund ratings



1



2

Annualised net yield³

4.97%

Fund facts at a glance
Asset class

Senior secured loans

Objective⁴

The Fund aims to provide a high level of stable monthly income, preserve capital and achieve a gross return of cash plus 4% p.a. over rolling three year periods.

Management style

Core, active management combining bottom-up credit selection with top-down macro risk positioning, tied to broader economic trends.

The Fund provides floating rate protection in a rising rate environment.

Benchmark⁵

From 14/8/14 = Invesco Wholesale Senior Secured Income Fund was managed against the Bloomberg AusBond Bank Bill Index.

Risk profile

Medium

Time horizon

3 years

Distribution frequency

Monthly

Inception date⁶

31/12/90

Strategy Inception date⁷

31/08/06

Minimum investment

\$20,000

MER/ICR

0.75%

Buy/Sell Spread

0.10%/0.10%

APIR code

CNA0805AU

³ The annualised net yield assumes distributions reinvested and is calculated by taking the preceding twelve months' distributions divided by the month-end unit price (net of fees).

⁴ Invesco does not guarantee that the Fund will achieve its objective.

⁵ The Fund is managed on a benchmark-unaware basis.

⁶ The Fund originally commenced on 31/12/90. The Fund benchmark and strategy changed on 14/8/14.

⁷ The underlying Strategy commenced on 11/8/06.

Fund analysis (as at 31 October 2020)
Assets under management

	A\$m
Fund AUM:	18.12
Strategy AUM:	4,573.71

Asset breakdown

Asset	Fund %
Senior Loans	80.63
High yield bonds	11.10
Equities	3.20
Cash and outstanding settlements	2.73
Structured Products (CLOs)	2.31

Fund income history in AUD

Year ended:	Distribution	Distribution	Unit price
	%	CPU	\$
31/12/2014	4.38	5.3330	1.1959
31/12/2015	5.04	5.8717	1.1463
31/12/2016	5.24	6.0301	1.2174
31/12/2017	3.80	4.5549	1.2217
31/12/2018	4.32	5.1710	1.1698
31/12/2019	5.27	6.1457	1.1859
Month ended:			
31/01/2020	0.41	0.4834	1.1868
29/02/2020	0.39	0.4707	1.1687
31/03/2020	0.31	0.4271	0.9853
30/04/2020	0.52	0.4930	1.0195
31/05/2020	0.42	0.4179	1.0505
30/06/2020	0.42	0.4472	1.0709
31/07/2020	0.37	0.3928	1.0869
31/08/2020	0.39	0.4166	1.0984
30/09/2020	0.41	0.4556	1.1018
31/10/2020	0.31	0.3428	1.0966

Portfolio statistics

Current yield	5.19%
Yield to maturity	7.12%
Market price	\$88.97
Effective duration	0.45



Top 10 holdings

Holdings	Fund %
New Red Finance, Inc.	1.62
Zeus Bidco Limited	1.47
Monitronics International, Inc.	1.45
Caesars Resort Collection, LLC	1.38
Prime Security Services Borrower, LLC	1.29
Calpine Corporation	1.25
Avolon TLB Borrower 1 (US) LLC	1.21
Nexstar Broadcasting, Inc.	1.07
Duran Group	1.04
Virgin Media Bristol LLC	1.02

Top 10 industries

Industry	Fund %
Air Transport	4.72
Automotive	4.30
Business Equipment and Services	8.12
Cable and Satellite Television	4.04
Chemicals and Plastics	4.18
Electronics/Electrical	11.24
Lodging and Casinos	5.08
Oil and Gas	4.40
Telecommunications	6.82
Utilities	4.31

Regional allocation

Region	Fund %
USA	77.29
Europe	18.30
Other	4.41

Maturity allocation

Maturity	Fund %
Less Than 1 year	1.89
1 to 3 years	14.81
3 to 5 years	38.72
5 to 10 years	43.38
10 to 20 years	1.19



Quality distribution

Rating	Fund %
Aaa	0.00
Aa1	0.00
Aa2	0.00
Aa3	0.00
A1	0.00
A2	0.00
A3	0.00
Baa1	1.00
Baa2	2.13
Baa3	1.81
Ba1	1.09
Ba2	7.03
Ba3	13.00
B1	14.78
B2	22.69
B3	12.84
Caa1	6.59
Caa2	2.71
Caa3	0.93
Ca	0.22
C	0.00
Not rated	9.88
Equity	3.29

Notes:

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 inquiries.

All Fund analysis tables reflect the effective exposure by the Fund investing in to the underlying fund - the Invesco Zodiac Fund.

The table for Top 10 Industries uses the Standard & Poor's industries.

The table for quality distribution uses Moody's ratings.

The table for maturity allocation uses maturities based on the value of loan/note holdings.

Portfolio statistics definitions:

'Current yield' - the annual income (interest or dividends) divided by the current price of the security and represents the return an investor would expect if he or she purchased the bond and held it for a year.

'Yield to maturity' - the rate of return anticipated on a bond if held until the end of its lifetime; takes into account the bond's current market price, par value, coupon interest rate and time to maturity.

'Effective duration' - takes into account that expected cash flows will fluctuate as interest rates change.



Monthly commentary

Market review

After a solid start to the month, loan prices succumbed to risk aversion in the last week of October as investors focused on rising COVID-19 infections in the US, a return to partial lockdowns in Europe, and fading prospects for pre-election stimulus. Loans returned 0.20% during the month, bringing year-to-date returns to -0.46% on a USD basis. Having retraced much, but not all, of the declines since the pandemic began, loan price recovery has slowed in the past couple of months as the ongoing spectre of COVID-19 and the accompanying economic uncertainty have tempered further gains. However, a supportive technical backdrop has remained a crucial stabilising force in the loan market, due to steady new CLO origination and relatively scarce new supply (notwithstanding an increase in issuance this month).

Loans underperformed high yield bonds (0.47%), but outperformed investment grade (-0.17%) in October both on a USD basis. High yield bond prices experienced a similar trajectory as loans, with hopes for stimulus and vaccine development driving an initial rally, which fizzled later in the month. The percentage of loans trading below USD \$80 ticked lower from 5.1% to 4.9%, while the top end of the market came under pressure; the percentage trading at or above USD \$98 fell from 35.8% to 29.0% in October. From a credit quality perspective, lower quality outperformed again in October; BBs (-0.04%) lagged Bs (0.27%) and CCCs (0.41%) on a USD basis. The average price in the loan market was USD \$94.37 at the end of October. At the current average price, senior secured loans are providing a 6.09% yield inclusive of the forward LIBOR curve.

Fund rating disclaimers

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