

Fund performance analysis - hedged - Class A (periods to 31 March 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	1.73	2.29	-0.56
3 months	-6.96	-5.09	-1.87
6 months	3.01	1.20	1.81
1 year	9.36	7.88	1.48
2 years p.a.	29.67	26.59	3.08
3 years p.a.	11.45	12.31	-0.86
5 years p.a.	8.31	10.79	-2.48
10 years p.a.	10.96		
Calendar year to date	-6.96	-5.09	-1.87
Financial year to date	1.59	0.77	0.82
Since inception p.a.	7.12		

Fund Managers



Andrew Hall
Fund Manager (Lead),
Global Opportunities team



Stephen Anness
Fund Manager,
Global Opportunities team

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.

Benchmark history - hedged:

- From inception to 30/09/02 = MSCI World Index (net dividends reinvested) - unhedged in \$A
- From 01/10/02 = MSCI World ex Australia Index (net dividends reinvested) - hedged in A\$
- From 1/4/03 = MSCI World Index (net dividends reinvested) - hedged in A\$
- Current from 5/5/16 = MSCI All Country World Net TR Index - hedged in A\$

Fund performance analysis - unhedged Fund (periods to 31 March 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-1.75	-1.28	-0.47
3 months	-10.25	-8.37	-1.88
6 months	-1.08	-2.89	1.81
1 year	10.72	8.81	1.91
2 years p.a.	18.88	16.27	2.61
3 years p.a.	11.27	11.66	-0.39
5 years p.a.	9.68	11.99	-2.31
10 years p.a.	12.63		
Calendar year to date	-10.25	-8.37	-1.88
Financial year to date	1.02	-0.13	1.15
Since inception p.a.	4.90		

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.

Benchmark history - unhedged:

- From inception to 30/09/02 = MSCI World Index (gross dividends reinvested) - unhedged in \$A
- From 01/10/02 = MSCI World Index (net dividends reinvested) - unhedged in A\$
- Current from 5/5/16 = MSCI All Country World Net TR Index - unhedged in A\$

Note: The Funds strategy changed from a quantitative global equity strategy to a fundamental, high conviction global equity strategy, effective from 5th May 2016. Shaded areas in the tables above show the returns prior to the change in strategy.



Fund facts at a glance

Asset class

Global equities

Management style

Fundamental, bottom-up approach driven by valuation.

Objective¹

To provide long-term capital growth through a portfolio of global equities.

Benchmark

Hedged - Class A

MSCI All Country World Net TR Index - hedged in A\$

Unhedged

MSCI All Country World Net TR Index - unhedged in A\$

Risk profile

Very high

Time horizon

7 years

Distribution frequency

Half-yearly

Fund inception date

Hedged - Class A: 31/8/94

Unhedged: 31/8/99

Strategy inception date

31/12/12

Minimum investment

\$20,000

MER/ICR

0.95% (both Funds)

Buy/Sell Spread

0.20%/0.20%

APIR code

Hedged - Class A: GTU0008AU

Unhedged: GTU0102AU

¹ Invesco does not guarantee that the Fund will achieve its objective.

Fund analysis (as at 31 March 2022)

Assets under management

	A\$ ^m
Hedged Fund AUM:	36.80
Unhedged Fund AUM:	79.00
Strategy AUM:	2,551.13

Region allocation

Country	Fund %	Benchmark %	Active weight %
Africa	0.00	0.46	-0.46
Asia Ex Japan	3.72	9.23	-5.50
Australia	0.00	1.99	-1.99
Europe - EMU	3.29	7.76	-4.47
Europe - Non-EMU	11.22	8.09	3.12
Japan	0.94	5.44	-4.51
Latin America	0.00	0.26	-0.26
North America	76.96	65.03	11.93
South America	0.00	0.75	-0.75
[Other]	0.00	0.99	-0.99
Cash [net of payables]	3.87	0.00	3.87

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	7.31	8.13	-0.82
Consumer Discretionary	15.27	11.67	3.60
Consumer Staples	7.03	6.89	0.14
Energy	1.12	4.33	-3.21
Financials	18.46	14.59	3.87
Health Care	6.68	11.86	-5.17
Industrials	15.58	9.52	6.05
Information Technology	24.67	22.37	2.31
Materials	0.00	5.04	-5.04
Real Estate	0.00	2.72	-2.72
Utilities	0.00	2.87	-2.87
Cash [net of payables]	3.87	0.00	3.87

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Danaher Corporation	4.05	0.28	3.76
Progressive Corporation	3.67	0.10	3.57
Mastercard Incorporated Class A	3.41	0.47	2.94
Microsoft Corporation	6.25	3.32	2.93
JPMorgan Chase and Co.	3.32	0.61	2.72

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
Apple Inc.	2.01	4.33	-2.31
Tesla Inc	0.00	1.39	-1.39
Alphabet Inc. Class A	0.00	1.26	-1.26
UnitedHealth Group Incorporated	0.00	0.73	-0.73
Johnson and Johnson	0.00	0.70	-0.70

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Microsoft Corporation	6.25	3.32	2.93
Amazon.com, Inc.	4.29	2.25	2.04
Danaher Corporation	4.05	0.28	3.76
Progressive Corporation	3.67	0.10	3.57
Mastercard Incorporated Class A	3.41	0.47	2.94
JPMorgan Chase and Co.	3.32	0.61	2.72
Alphabet Inc. Class C	2.85	1.21	1.65
Taiwan Semiconductor Manufacturing Co., Ltd.	2.75	0.78	1.97
Intercontinental Exchange, Inc.	2.66	0.11	2.54
Roche Holding Ltd Dividend Right Cert.	2.64	0.42	2.22

Market capitalisation allocation

Ranges	Fund %	Benchmark %	Active weight %
\$250M - \$500M	0.00	0.00	0.00
\$500M - \$1B	0.00	0.02	-0.02
\$1B - \$2B	0.00	0.27	-0.27
\$2B - \$5B	1.72	2.01	-0.29
\$5B-\$10B	2.72	4.00	-1.28
\$10B - \$25B	3.41	11.86	-8.45
\$25B - 50B	12.07	13.47	-1.40
\$50B - 100B	14.78	16.31	-1.52
> \$100B	61.43	52.06	9.37
Cash [net of payables]	3.87	0.00	3.87

The data in the fund analysis tables above (not including the AUM table) is based on the underlying portfolio, i.e. the unhedged fund (Fund), into which the hedged fund directly invests.

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

Market review

Global equity markets, including small and mid-caps, on the whole registered modest gains thanks to a strong V-shaped recovery mid-month as peace talks between Russia and Ukraine provided cause for optimism and concerns regarding a wider conflict receded. US equity markets advanced after enjoying a solid two-week rally in the back half of the month, as investors began to look past the invasion of Ukraine and central bank actions became clearer. The US Federal Reserve raised its target federal funds rate by a quarter percentage point to 0.5%, the first rate increase since 2018. Officials also pencilled in six more increases by the end of 2022 in an escalating effort to curb inflation which is at a four-decade high. Over the course of the month, we saw large fluctuations in oil prices, with US crude oil reaching a decade high of more than \$130 per barrel, its highest since July 2008. However, the oil price ended the month retreating on news that the US is considering the release of as many as 180 million barrels of oil in coming months as the Biden administration tries to lower high fuel costs.

UK markets modestly advanced, despite the inflation rate rising to 6.2%, the highest level for 30 years according to the ONS (Office for National Statistics). The Bank of England raised interest rates from 0.5% to 0.75% in its continued effort to curb inflation. European stock markets rose despite higher energy prices and geopolitical tensions, although Germany's inflation rate hit 7.6%, its highest rate for 40 years. Asian equity markets declined as commodities prices and input costs continued to be pushed higher. China was a considerable laggard, with markets stunted by the resurgence of COVID-19 clusters and slowing economic growth, however equity markets in India, Japan, Korea, Taiwan and Australia rose. Emerging markets underperformed the developed markets and the world despite the strong gains made by the Latin America region which was buoyed by rising commodity prices. High inflation prompted some central banks, such as in Brazil, Mexico and South Africa, to raise interest rates.

Contributors to performance

The Global Opportunities fund rose in value on a hedged basis, but declined on an unhedged basis, both modestly underperforming the MSCI AC World index over the month.

From a geographic perspective, the fund's Asia Pacific ex Japan holdings were particularly weak, followed by the UK. With regards to Asia, this predominantly came down to some unfavourable stock selection (e.g. Alibaba) and being overweight in China, as well as the fund's exclusion from Australia, whose equity market has recently benefitted strongly from rising commodity prices. Unfavourable stock selection caused a lag in our UK holdings, such as Berkeley Group whose shares have been hit by an industry-wide adverse political development over remediation of previously constructed homes with the use of certain cladding materials. We are of the view that Berkeley's record of high-quality construction and prudent provisioning should leave the business well positioned to manage the necessary remediations.

Sector-wise, the consumer discretionary sector was the biggest area of weakness, followed by the communication services sector, both weakened by stock selection. Installed Buildings Products and Tencent were the biggest detractors of each respective sector, the former impacted by rising mortgage rates and input costs, while the latter underperformed as investors offloaded shares amid concerns over Beijing's ties with Russia, and sentiment was dampened after the tech giant received a record fine after its WeChat Pay was found to have violated anti-money laundering rules. Financials were a bright spot for the fund however, with Progressive and Markel the two strongest stocks. Having said that, the fund's best performer was Canadian Pacific Railway, whose share price strengthened as investors increasingly turned to defensives as the latest developments in the Russia/Ukraine conflict drove risk-off sentiment, and a new stake worth circa US \$1.2 billion helped rally investor interest.

Market outlook and portfolio strategy

Our medium-term outlook is more cautious in light of the events in Ukraine, however, we have not made significant changes to the portfolio - it remains well balanced and diversified, focussed on a global selection of companies with strong cashflows and balance sheets earning high rates of return. Our bottom-up stock selection process places an emphasis on idiosyncratic rather macro factor risk. Whilst we had no direct exposure to Russia and Eastern Europe, some of our holdings, especially in the consumer staples and healthcare sectors had a marginal exposure to the Russian market as a percentage of sales and profits and is immaterial to the investment case. We continue to make decisions aligned to our investment processes with the best interests of clients in mind.

Making forecasts at this stage is fraught with difficulty, however some outcomes seem certain. Energy prices will stay high for the foreseeable future, food prices may well rise as we go through the year. The squeeze on consumer disposable incomes globally will continue, especially in Europe as rising defence spending may have to be funded through higher taxes and gas supply is a real problem. In relative terms, the US and Canada may well do better than Europe in the medium term due to self-sufficiency in energy and a lower geopolitical risk premium, sadly the war is on our doorstep.

Our focus is on 'bottom-up' industry and company level research because this is where we see our greatest source of competitive advantage. Idiosyncratic risk continues to account for over half of tracking error, a result of our continuing efforts to make sure that our stock picking is the dominant determinant of our returns. Our tolerance for balance sheet leverage remains low with most of the top 20 holdings boasting net cash balance sheets.



Contact

Tel: **1800 813 500**
Email: **clientservices.au@invesco.com**
Website: **www.invesco.com.au**

Important Information

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 clientservices.au@invesco.com, or by writing to GPO Box 231, Melbourne, Victoria, 3001. You can also visit our website at www.invesco.com.au

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