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# Invesco Wholesale Global Opportunities Funds
Monthly Report

31 October 2020

## Fund performance analysis - hedged - Class A (periods to 31 October 2020)

**Net performance**

| Periods | Fund % | Benchmark % | Value added % |
|---|---|---|---|
| 1 month | -1.65 | -2.52 | 0.87 |
| 3 months | 0.27 | 0.01 | 0.26 |
| 6 months | 10.60 | 11.14 | -0.54 |
| 1 year | -5.49 | 1.72 | -7.21 |
| 2 years p.a. | 0.97 | 6.45 | -5.48 |
| 3 years p.a. | -1.93 | 4.57 | -6.50 |
| 5 years p.a. | 4.27 | | |
| 10 years p.a. | 9.17 | | |
| Calendar year to date | -12.80 | -3.58 | -9.22 |
| Financial year to date | 4.60 | 3.79 | 0.81 |
| Since inception p.a. | 6.17 | | |

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$m

**Fund Managers**

**Andrew Hall**
Fund Manager (Lead),
Global Opportunities team

**Stephen Anness**
Fund Manager,
Global Opportunities team

**Fund ratings**

[1] Recommended Lonsec Research

[2] Zenith Investment Partners Recommended

## Fund performance analysis - unhedged Fund (periods to 31 October 2020)

**Net performance**

| Periods | Fund % | Benchmark % | Value added % |
|---|---|---|---|
| 1 month | 0.40 | -0.42 | 0.82 |
| 3 months | 2.34 | 2.33 | 0.01 |
| 6 months | 5.43 | 5.92 | -0.49 |
| 1 year | -3.23 | 2.90 | -6.13 |
| 2 years p.a. | 3.76 | 9.17 | -5.41 |
| 3 years p.a. | 1.65 | 8.65 | -7.00 |
| 5 years p.a. | 4.42 | | |
| 10 years p.a. | 10.48 | | |
| Calendar year to date | -9.60 | -1.00 | -8.60 |
| Financial year to date | 3.87 | 3.44 | 0.43 |
| Since inception p.a. | 3.91 | | |

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.**

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**Fund facts at a glance**

**Asset class**
Global equities

**Management style**
Fundamental, bottom-up approach driven by valuation.

**Objective**[3]
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**
0.25%/0.25%

**APIR code**
Hedged - Class A: GTU0008AU
Unhedged: GTU0102AU

[3] Invesco does not guarantee that the Fund will achieve its objective.

# Fund analysis (as at 31 October 2020)

## Assets under management

| | A$m |
|---|---|
| Hedged Fund AUM: | 32.22 |
| Unhedged Fund AUM: | 84.37 |
| Strategy AUM: | 2,391.80 |

## Region allocation

| Country | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| Africa | 0.00 | 0.47 | -0.47 |
| Asia Ex Japan | 11.21 | 11.83 | -0.63 |
| Australia | 0.00 | 1.79 | -1.79 |
| Europe - EMU | 11.85 | 8.30 | 3.55 |
| Europe - Non-EMU | 11.51 | 8.28 | 3.23 |
| Japan | 2.52 | 6.94 | -4.42 |
| Latin America | 0.00 | 0.23 | -0.23 |
| North America | 61.17 | 60.80 | 0.37 |
| South America | 0.82 | 0.69 | 0.13 |
| [Other] | 0.00 | 0.68 | -0.68 |
| [Cash] | 0.93 | 0.00 | 0.93 |

## Sector allocation

| Sector | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| Communication Services | 11.70 | 9.74 | 1.96 |
| Consumer Discretionary | 14.91 | 13.05 | 1.86 |
| Consumer Staples | 9.70 | 7.85 | 1.85 |
| Energy | 2.90 | 2.75 | 0.15 |
| Financials | 21.51 | 12.72 | 8.79 |
| Health Care | 7.78 | 12.31 | -4.53 |
| Industrials | 13.71 | 9.63 | 4.08 |
| Information Technology | 15.74 | 21.21 | -5.47 |
| Materials | 0.00 | 4.79 | -4.79 |
| Real Estate | 1.11 | 2.73 | -1.62 |
| Utilities | 0.00 | 3.22 | -3.22 |
| [Cash] | 0.93 | 0.00 | 0.93 |

### Five largest overweight positions

| Security | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| Taiwan Semiconductor Manufacturing Co., Ltd. | 4.43 | 0.00 | 4.43 |
| Texas Instruments Incorporated | 4.21 | 0.26 | 3.95 |
| Roche Holding AG | 4.21 | 0.45 | 3.76 |
| JPMorgan Chase and Co. | 3.81 | 0.60 | 3.21 |
| Samsung Electronics Co., Ltd. | 3.44 | 0.48 | 2.96 |

### Five largest underweight positions

| Security | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| Apple Inc. | 0.00 | 3.77 | -3.77 |
| Amazon.com, Inc. | 0.00 | 2.57 | -2.57 |
| Alphabet Inc. Class A | 0.00 | 0.97 | -0.97 |
| Taiwan Semiconductor Manufacturing Co., Ltd. | 0.00 | 0.74 | -0.74 |
| Johnson and Johnson | 0.00 | 0.72 | -0.72 |

### 10 largest holdings

| Security | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| Taiwan Semiconductor Manufacturing Co., Ltd. | 4.43 | 0.00 | 4.43 |
| Microsoft Corporation | 4.37 | 2.91 | 1.46 |
| Texas Instruments Incorporated | 4.21 | 0.26 | 3.95 |
| Roche Holding AG | 4.21 | 0.45 | 3.76 |
| JPMorgan Chase and Co. | 3.81 | 0.60 | 3.21 |
| Alphabet Inc. Class C | 3.81 | 0.98 | 2.83 |
| Tencent Holdings Ltd. | 3.69 | 0.87 | 2.82 |
| Samsung Electronics Co., Ltd. | 3.44 | 0.48 | 2.96 |
| Nestle S.A. | 3.23 | 0.67 | 2.56 |
| Colgate-Palmolive Company | 3.07 | 0.13 | 2.94 |

### Market capitalisation allocation

| Ranges | Fund % | Benchmark % | Active weight % |
|---|---|---|---|
| $0 - $50M | 0.12 | 0.00 | 0.12 |
| $100M - $250M | 0.00 | 0.00 | 0.00 |
| $500M - $1B | 0.00 | 0.05 | -0.05 |
| $1B - $2B | 0.99 | 0.48 | 0.51 |
| $2B - $5B | 1.31 | 2.80 | -1.49 |
| $5B-$10B | 3.16 | 5.48 | -2.32 |
| $10B - $25B | 5.26 | 13.81 | -8.55 |
| $25B - 50B | 14.75 | 15.79 | -1.04 |
| $50B - 100B | 16.62 | 15.44 | 1.18 |
| > $100B | 56.85 | 46.15 | 10.71 |
| [Cash] | 0.93 | 0.00 | 0.93 |

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.

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# Monthly commentary

**Market review**

Global equity markets failed to hold onto initial gains as the rising number of coronavirus infections in the US and Europe raised fresh concerns for investors. While backward-looking economic data was generally supportive   the US economy expanded by an annualised rate of 33.1% in Q3   the imposition of second national lockdowns in leading European countries raised the prospect of double-dip recessions here. The economic picture in Asia, by contrast, was more upbeat with the region benefiting from further evidence that the Chinese economy is staging a V-shaped recovery.

**Contributors to performance**

Driven by favourable stock selection the portfolio outperformed the MSCI AC World Index, on both a hedged and unhedged basis.Our holdings in the US did relatively well with First Republic Bank and Alphabet among the strongest performers. Both companies reported strong Q3 20 results. Outside the US, stock selection in Asia, particularly in India and China, was positive. India's Kotak Mahindra Bank benefited by better-than-expected earnings results for the quarter with healthy growth in online gaming both in China and elsewhere continuing to support Tencent. The main detractors from performance came from our cyclical holdings in Europe, which were adversely impacted by worries that economic recoveries could stall due to fresh lockdowns being imposed in the region.

**Market outlook and portfolio strategy**

It seems that the odds of a resurgence in inflation are priced very cheaply today. Macroeconomic forecasting doesn't play a role in our stock selection process, but we have an eye to this context when constructing the portfolio and managing risk. A more inflationary backdrop could have important implications for the leadership within the market and it is something we are paying increasing attention to. We think the current backdrop has been a helpful tailwind to some of our holdings in technology and staples, for example, and any trend reversal could present an unhelpful headwind to those holdings.

At the other end of the spectrum, banks, energy and airlines have suffered significant relative and absolute declines. However, it seems reasonable to us that the most advantaged businesses in these industries, with the strongest balance sheets, run by astute managers, will ultimately recover lost earnings power. In some cases, they may even end up with larger shares of the industry profit pool. We believe Ryanair is one such example.

At a portfolio level we have selectively added to holdings that are more impacted by current events because recent share price weakness has made their prospective returns more attractive. At the other end we have reduced holdings where we feel that both sentiment and lower bond yields have caused valuations of our 'Covid winners' to reach uncomfortable levels.

## Contact

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## Important Information

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