Invesco Wholesale Global Targeted Returns Fund – Class A
Monthly Report

31 May 2021

Fund benefits

Capital growth
Total return objective of cash +5% p.a. (before fees) over rolling three-year periods, or equity-like returns over the long term.

Capital stability
Aims to deliver returns with less than half the volatility of global equities over the same rolling three-year periods.

Complementary investments
Invests in ideas from a variety of asset types within a single, highly diversified portfolio.

Value for money
Very competitive flat fee with no performance based fee.

Access to money
Priced daily with daily liquidity.

Know what you own
Clarity and certainty about what the Fund invests in.

Trusted investment manager
Invesco is a truly independent global asset manager listed on the New York Stock Exchange.

Fund ratings

[1]

Fund performance analysis (periods to 31 May 2021)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-1.73	0.00	-1.73
3 months	-1.41	0.01	-1.42
6 months	-2.89	0.01	-2.90
1 year	-4.06	0.06	-4.12
2 years p.a.	-1.01	0.52	-1.53
3 years p.a.	-0.54	1.01	-1.55
5 years p.a.	0.30	1.33	-1.03
Calendar year to date	-2.86	0.01	-2.87
Financial year to date	-2.82	0.06	-2.88
Since inception p.a.	1.10	1.52	-0.42

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.

Underlying Luxembourg Strategy performance analysis in EUR (periods to 31 May 2021)

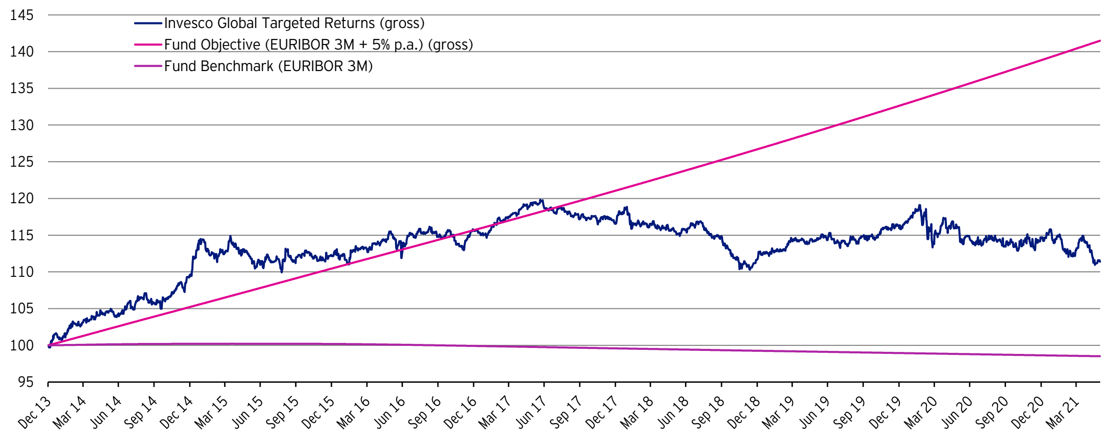
In the table below we show the performance history (gross of fees) of the underlying Invesco Global Targeted Returns Strategy.

Gross performance

Periods	Strategy %	Benchmark %	Value added %
1 month	-1.73	-0.05	-1.68
3 months	-1.48	-0.14	-1.34
6 months	-2.87	-0.27	-2.60
1 year	-3.99	-0.51	-3.48
2 years p.a.	-1.31	-0.44	-0.87
3 years p.a.	-1.23	-0.40	-0.83
5 years p.a.	-0.73	-0.37	-0.36
Calendar year to date	-2.88	-0.22	-2.66
Financial year to date	-2.71	-0.47	-2.24
Since inception p.a.	1.58	-0.23	1.81

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.

Cumulative performance of the GTR Strategy since inception[2] in EUR



Fund Managers

David Millar
Head of Multi Asset and Fund Manager

Gwylim Satchell
Fund Manager

Sebastian Mackay
Fund Manager

Richard Batty
Fund Manager

Fund facts at a glance

Asset class
Liquid alternatives, multi asset.

Management style
A fundamental, unconstrained, high conviction approach focused on leveraging a diversified, value-adding set of investment ideas into a single risk-managed portfolio.

Objective[3]
To achieve a positive total return in all market conditions, targeting a gross return of cash +5% p.a. with less than half the volatility of global equities over rolling three-year periods.

Benchmark
Bloomberg AusBond Bank Bill Index[4] (Australian pooled Fund)
Euribor 3M (underlying Luxembourg strategy)

Investment team location
Henley-on-Thames, UK

Investor time horizon
3-5 years

Distribution frequency
Annually - as at 30 June

Inception date
28/2/15

Minimum investment
A$20,000

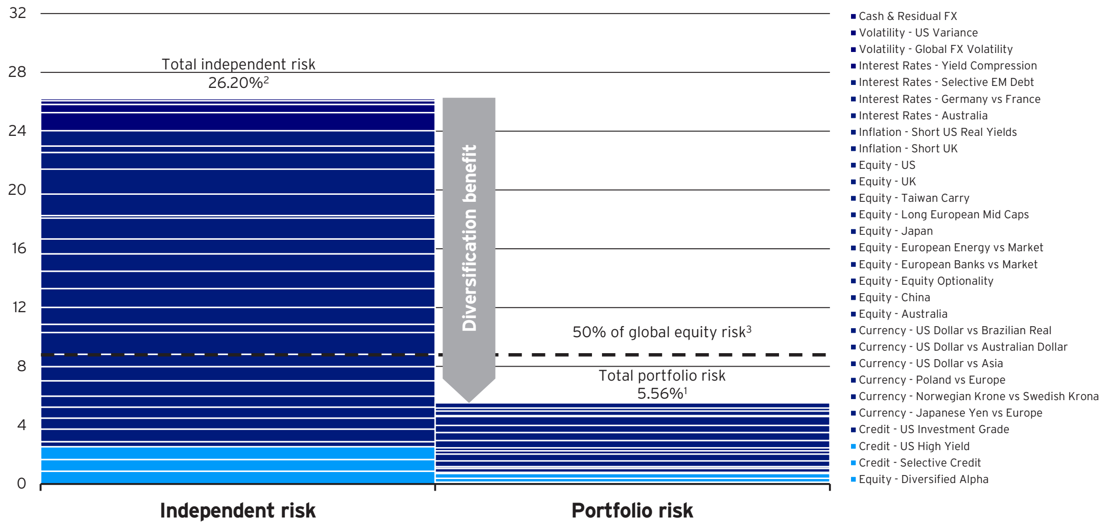
MER/ICR
0.95%

Buy/Sell Spread
0.30%/0.30%

APIR code
GTU0109AU

Fund analysis (as at 31 May 2021)

The diagram below illustrates how portfolio risk is reduced by combining a diversified array of individual investment ideas within a single, risk managed portfolio.

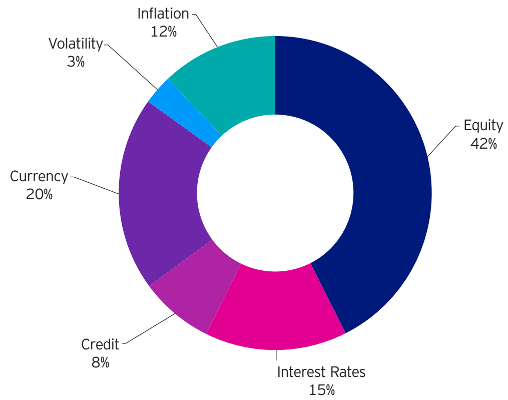


Source: Invesco as at 31 May 2021. For illustrative purposes only.

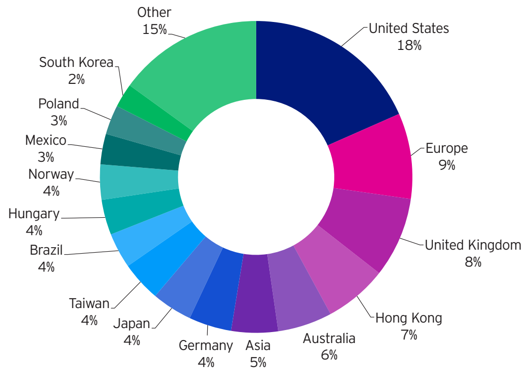
1. Portfolio risk – the expected volatility of the fund as measured by the standard deviation of the current portfolio of ideas over the last three and a half years.
2. Independent risk - the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years.
3. Global equity risk – the expected volatility of the MSCI World index as measured by its standard deviation over the last three and a half years, 17.46% as at 31 May 2021.

Portfolio statistics (as at 31 May 2021)

Contribution to total independent risk by asset (%)



Contribution to total independent risk by country (%)



Assets under management

In the table below, Australian sourced GTR AUM represents total investment by Australian clients into all GTR funds. The Strategy AUM includes the Global Targeted Returns/Income/Plus Fund and other similar GTR Funds.

	A$m
Fund AUM:	823.57
Australian Sourced GTR AUM:	1,961.61
Strategy AUM:	14,983.02

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Monthly commentary

Market review
Financial markets broadly benefitted over the month driven by improving economic data and increased investor optimism. The success of vaccination programmes across many of the developed markets has been a key driver in the upward march for equity markets in particular. Global equities overall had a good month, albeit more muted than in April, with returns varying quite significantly across the regions.

European equities outperformed most other markets, driven by the rising vaccination rates and the prospect of lockdowns easing across the region, as well as improving export demand driven by a global rebound. US equity market gains were much more muted, rising only marginally through the month - rising inflation and its implication on corporate margins has been the main concern for investors.

Elsewhere, emerging market equities had a good month with Russia, India and Brazil being the best performing. At a sector level, cyclical sectors such as financials, energy and basic materials rallied most.

In bond markets, US treasuries were broadly flat over the month. In Germany, the 10-year Bund yield rose marginally, whereas the Italian 10-year bond hit a ten-month high. Fears that central banks will start tapering appears to be the primary driver of recent weakness, however, most officials have continued to stress that they do not plan to tighten monetary policy any time soon.

In currency markets, the US dollar weakened against most major currencies over the month, driven by rising inflation and fears on what that means for Fed policy going forward. Poor non-farm payroll data also drove some of the weakness. Meanwhile, commodities had another strong month with all the major markets (oil, gold, copper) seeing a rise in prices .

Contributors to performance
Performance was negative over the month stemming from detraction across a range of ideas. Most notable, ‘Equity - Taiwan Carry’ detracted from both the equity and currency components. Taiwan saw an increase in domestic issues in May, including a surge in COVID-19 cases. Additionally, the stock market fell with the broader technology sector sell-off. Currency ideas were also generally negative led by weakness of the US dollar versus select Asian currencies. ‘Inflation - Short UK Inflation’ and ‘Inflation - Short US Real Yields’ both fell during the period as well.

On a positive note, the fund’s equity exposures were particularly beneficial as most markets across the globe rose over the period. The majority of our equity ideas contributed positively for the month: Australia, China, UK, Diversified Alpha, Equity Optionality, European Banks vs Market, Long European Mid-Caps. In addition ‘Interest Rates - Selective EM Debt’ was a strong performer.

Summary of investment ideas
There were three new ideas added to the strategy in May, all relating to the European market.

‘Equity - European Banks vs Market’. European banks have lagged the recovery in cyclicals within Europe. Banks are typically less vulnerable to a change in macro conditions and we believe have significant valuation support and are likely to reinstate dividends. All of which could lead to market outperformance.

‘Equity - European Energy vs Market’. We expect outperformance of European energy equites versus the market based on more attractive valuations and the global reopening supporting the oil demand/price. Longer term demand for these companies could also come from the move towards cleaner energy.

‘Interest Rates - Germany vs France’. France is facing an election year with political dissatisfaction on the rise. Event risk around the election could create a negative sentiment around French bonds, widening the very tight spread between French and German interest rates. Additionally, if there is a sell-off in European rates, it may make Bunds more attractive again.

There was also a change in implementation to one of our ideas, ‘Currency - US Dollar vs Asia’. No ideas were removed.

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Fund rating disclaimers

[1] The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned February 2021) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at http://www.zenithpartners.com.au/RegulatoryGuidelines

[2] The underlying, Luxembourg-based Global Targeted Returns Strategy composite commenced on 31 December 2013.

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

[4] This is a target return Fund managed on a benchmark-unaware basis. The Bloomberg AusBond Bank Bill Index is used as a reference rate for performance purposes only.

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