Invesco Wholesale Global Targeted Returns Fund – Class A
Monthly Report

31 July 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

Zenith [1]
RECOMMENDED

Fund performance analysis (periods to 31 July 2021)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-0.30	0.00	-0.30
3 months	-0.14	0.01	-0.15
6 months	-0.89	0.01	-0.90
1 year	-0.53	0.05	-0.58
2 years p.a.	0.08	0.39	-0.31
3 years p.a.	-0.44	0.89	-1.33
5 years p.a.	0.71	1.26	-0.55
Calendar year to date	-1.29	0.02	-1.31
Financial year to date	-0.30	0.00	-0.30
Since inception p.a.	1.33	1.48	-0.15

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 July 2021)

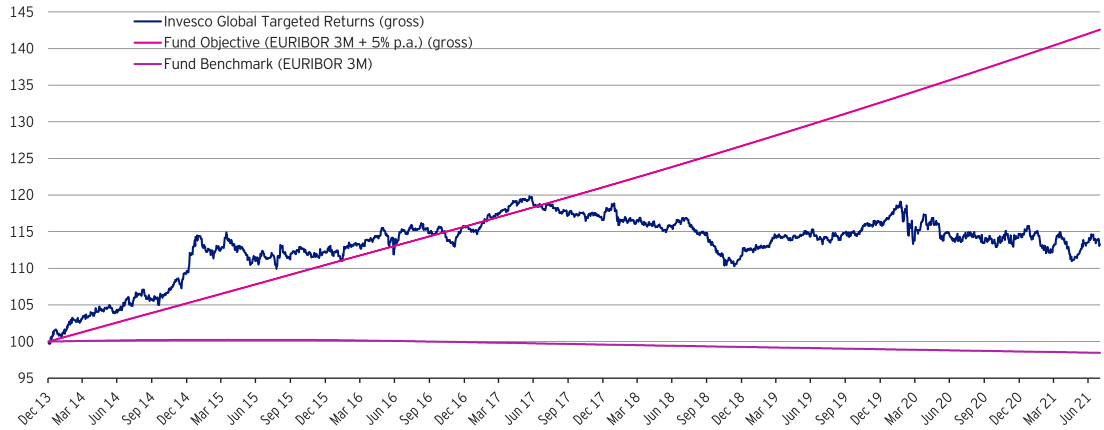
In the table below we show the performance history (gross of fees) of the underlying Invesco Global Targeted Returns Strategy.

Gross performance

Periods	Strategy %	Benchmark %	Value added %
1 month	-0.26	-0.05	-0.21
3 months	-0.09	-0.14	0.05
6 months	-0.91	-0.27	-0.64
1 year	-0.41	-0.53	0.12
2 years p.a.	-0.12	-0.46	0.34
3 years p.a.	-1.04	-0.41	-0.63
5 years p.a.	-0.27	-0.38	0.11
Calendar year to date	-1.26	-0.32	-0.94
Financial year to date	-0.26	-0.05	-0.21
Since inception p.a.	1.76	-0.24	2.00

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

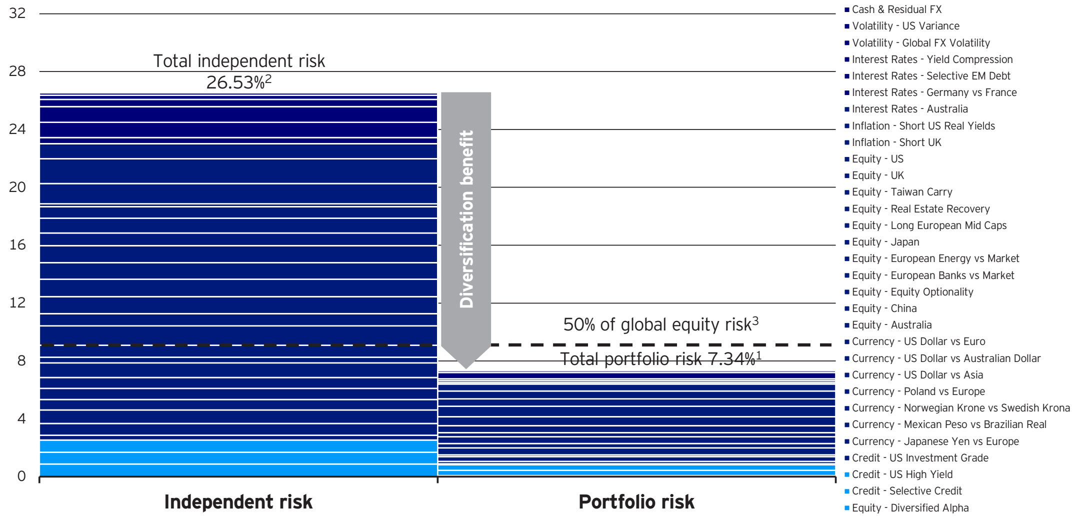
MER/ICR
0.95%

Buy/Sell Spread
0.30%/0.30%

APIR code
GTU0109AU

Fund analysis (as at 31 July 2021)

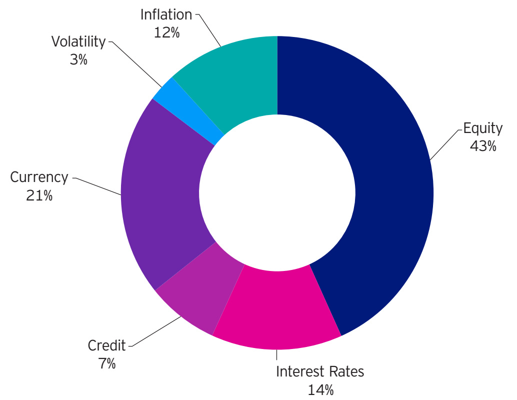
The diagram below illustrates how portfolio risk is reduced by combining a diversified array of individual investment ideas within a single, risk managed portfolio.



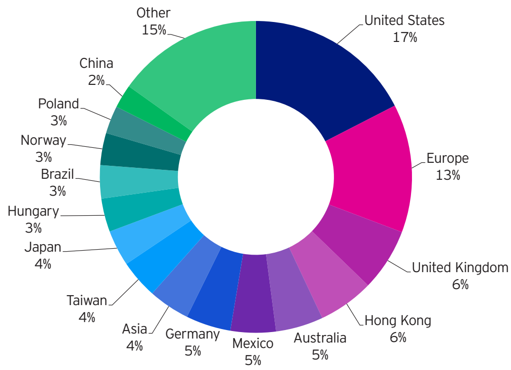
Source: Invesco as at 31 July 2021. For illustrative purposes only.
1. Portfolio risk - the expected volatility of the fund as measured by the standard deviation of the current portfolio of ideas over the last three and a half years.
2. Independent risk - the expected volatility of an individual idea 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, 17.50% as at 31 July 2021.

Portfolio statistics (as at 31 July 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:	801.43
Australian Sourced GTR AUM:	1,966.61
Strategy AUM:	13,462.95

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Monthly commentary

Market review

Overall, global equities registered only a modest gain in July with performance diverging quite significantly between various markets. US and Europe ex-UK led the way with both rising by around 2% over the month, driven by strong corporate earnings. At the other end, Chinese equities fell sharply by around -13.6%, triggered by a regulatory tightening across the technology sector. Broadly speaking, Asian equities also had a poor month as many countries within the region saw a rise in COVID-19 cases which negatively impacted investor sentiment.

In fixed income markets, government bonds rallied strongly in a volatile month that saw yields drop to lows last seen in February. The yield on 10-year US treasuries fell to 1.13% at one point (20 July) before staging a mini-revival to close at 1.22%, an overall decline of 25bps. Falling further into negative territory, German bund yields on the 10-year also dropped by 25bps, closing at -0.46%. The yield on 10-year gilts fell from 0.72% to 0.57%. Longer-dated bonds outperformed as yield curves flattened. While it was a more subdued month for credit markets, yields on both sterling and euro-denominated investment grade and high yield bonds fell. Meanwhile, spreads widened marginally but remain close to historic lows.

In currency markets, the US dollar had a volatile month but eventually ended slightly lower following Fed Chair Jerome Powell's comments that the US economy was still some way away from where they would like to see it before any tapering.

Meanwhile, commodities had a good month overall as gold, copper, steel and oil all ended the month higher.

Contributors to performance

Our Inflation ideas - US Real Yields and Short UK were the main source of negative contribution. US inflation (Month on month) came in higher than estimated, whilst US Treasuries continued their rally into July (yields falling), causing the idea to underperform. The spread between real yield and nominal yield remains significant and we continue to believe there is asymmetry in this idea. Similarly, inflationary pressures continued to mount in the UK (e.g., supply shortages, rebound in private sector demand, Brexit), however the thesis of the idea remains.

Meanwhile, our relative value equity idea 'Equity - European Energy vs Market' detracted as oil markets see-sawed following tense OPEC+ negotiations. On the equity side, our long Japan idea also detracted as rising COVID-19 numbers adversely impacted investor sentiment, together with some contagion from the Chinese equity sell-off.

At the other end, 'Equity - China' idea contributed positively despite Chinese equities falling significantly in July. This is due to embedded crash protection in the idea, which saw us profit from the sell-off.

Moreover, our long Australian rates idea contributed as COVID-19 case spikes and hardline lockdowns dragged on expectations for economic growth, which saw Australian yields fall.

Summary of investment ideas

There were two new ideas added to the strategy over the period.

'Currency - US Dollar vs Euro', structurally, Europe looks weaker and will require significant reform (fiscal union, banking recapitalisation and deposit insurance) to be competitive with the US in the long term. In addition, we expect robust demand for the dollar from emerging markets whilst the euro is likely to see outflows from ECB buying up assets and driving domestic investors overseas.

'Equity - Real Estate Recovery', the valuation of European REITs do not, in our opinion, reflect the likely economic recovery and return to property usage. In addition, yields look attractive relative to other parts of the stock market and can help mitigate risk due to their low equity beta.

There was also a change in implementation to one idea, 'Equity - UK', where the FTSE 100 leg was removed, leaving only UK Mid-Cap exposure. The idea is centred around an economic recovery in UK and a subsequent strengthening in Sterling, as such mid-caps should perform better given they are more geared into domestic UK economic growth than large caps.

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Fund rating disclaimers

[1] The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) (“Zenith”) rating (assigned GTU0109AU - 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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