

Fund performance analysis (periods to 30 April 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-0.92	-0.02	-0.90
3 months	-3.98	-0.01	-3.97
6 months	-3.70	0.01	-3.71
1 year	-4.70	0.02	-4.72
2 years p.a.	-3.54	0.04	-3.58
3 years p.a.	-1.59	0.40	-1.99
5 years p.a.	-1.14	0.99	-2.13
Calendar year to date	-5.55	0.00	-5.55
Financial year to date	-4.85	0.01	-4.86
Since inception p.a.	0.53	1.32	-0.79

Fund Managers

Richard Batty
Fund Manager

Gwylim Satchell
Fund Manager

Sebastian Mackay
Fund Manager

Georgina Taylor
Fund Manager

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 30 April 2022)

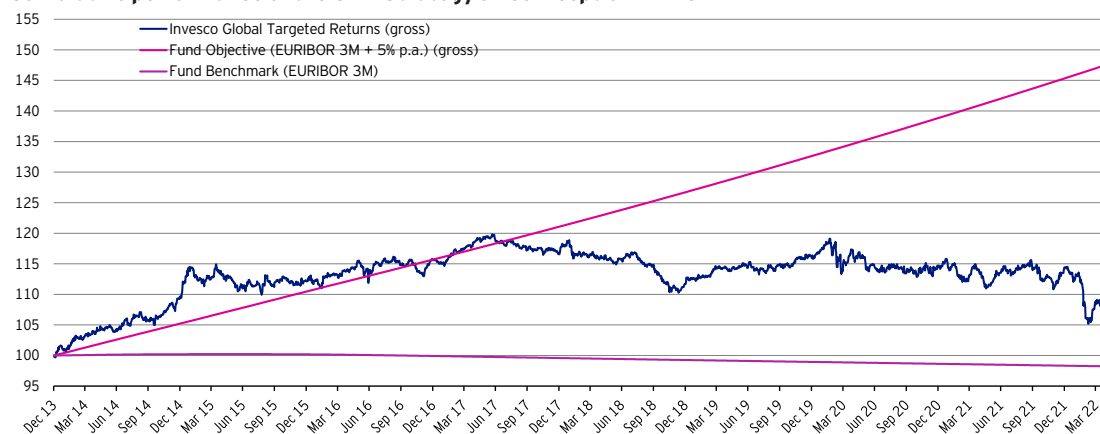
In the table below we show the performance history (gross of fees) of the underlying Invesco Global Targeted Returns Strategy.

Gross performance

Periods	Strategy %	Benchmark %	Value added %
1 month	-0.97	-0.04	-0.93
3 months	-4.21	-0.12	-4.09
6 months	-3.84	-0.26	-3.58
1 year	-4.85	-0.54	-4.31
2 years p.a.	-3.55	-0.51	-3.04
3 years p.a.	-1.87	-0.47	-1.40
5 years p.a.	-1.88	-0.41	-1.47
Calendar year to date	-5.74	-0.17	-5.57
Financial year to date	-5.00	-0.45	-4.55
Since inception p.a.	1.01	-0.27	1.28

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 inception¹ in EUR



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.

Objective²

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 Index³ (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

Buy/Sell Spread

0.30%/0.30%

APIR code

GTU0109AU

MER (p.a.)

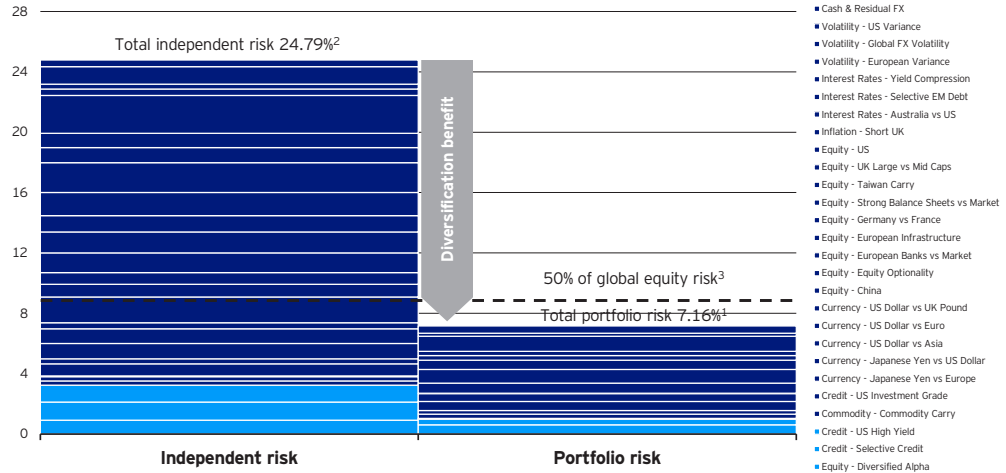
0.55%

Performance fee (p.a.)⁴

10% above hurdle⁵

Fund analysis (as at 30 April 2022)

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 30 April 2022. For illustrative purposes only.

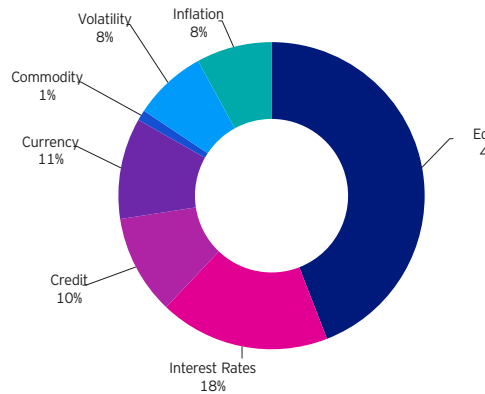
1. Portfolio risk - the expected volatility of the fund as measured by the standard deviation of the current portfolio of ideas over the last three and a half years.

2. Independent risk - the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years.

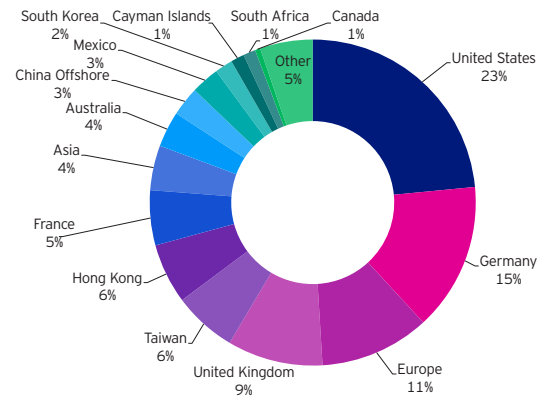
3. Global equity risk - the expected volatility of the MSCI World index as measured by its standard deviation over the last three and a half years, 17.89% as at 30 April 2022.

Portfolio statistics (as at 30 April 2022)

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:	394.98
Australian Sourced GTR AUM:	394.98
Strategy AUM:	6,520.36

Monthly commentary

Market review

Global equities fell sharply in April, with the broad market index (FTSE All World) seeing its highest monthly decline since the peak of the COVID-related sell off in March 2020. Investor sentiment was dampened by continued monetary tightening by central banks and heightened concerns of an economic slowdown following fresh lockdowns in China and the war in Ukraine.

From a factor and style perspective, Growth underperformed the most as bond yields continued to rise, challenging the lofty valuations of some of these names under this new higher rate environment. Subsequently, the technology sector was the worst performing. At the other end, defensive parts of the market, as well as Value sectors, fared better, e.g., consumer staples, utilities, health care, energy.

It was also a challenging month for bond markets with spiralling inflation putting further pressure on central banks to apply a more aggressive approach to raising interest rates. Against this backdrop, US treasuries extended their losing streak for a fifth straight month. Sovereign bonds in Europe also lost ground. In terms of yields, the 10-year treasury note increased from 2.34% to 2.93%, with 10-year gilts moving from 1.61% to 1.91% and the 10-year German bund rising from 0.55% to 0.94%.

Elsewhere, in what was a choppy month for the commodity, oil prices continued to rally and ended the month higher largely driven by talks of an EU ban on Russian oil supplies. The US dollar soared, buoyed by its perceived 'safe haven' status as investors opted to take a risk-off stance. Expectations that the Fed would be more aggressive in hiking rates versus other central banks also supported the currency on a relative basis.

Contributors to performance

As highlighted earlier, the US Dollar performed strongly over the month, benefitting our 'Currency - US Dollar vs Asia', 'Currency - US Dollar vs UK Pound' and 'Currency - US Dollar vs Euro' ideas. The substantial repricing of interest rate hike expectations was a natural catalyst for a move higher in volatility across asset classes, including FX. Our 'Volatility - Global FX Volatility' idea performed well against this backdrop. The defensive characteristics of the 'Equity - Strong Balance Sheets vs Market' idea proved to be useful during a period where negative investor sentiment dominated market price action.

At the other end, 'Currency - Japanese Yen vs US Dollar' was the main detractor in April as modest inflation in Japan relative to the US prompted the Bank of Japan to continue to keep interest rates at current or lower levels for the foreseeable future. As a result, the Yen depreciated to multi-year lows against the Dollar. 'Interest Rates - Emerging Market Debt' also detracted from performance with our long exposure to local currency Mexican government bonds (currency hedged) proving to be the main drag. Sentiment towards Mexican debt deteriorated over the month driven by higher interest rate hike expectations after data showed annual inflation touching multi-decade highs. The spread to US Treasuries has however remained flat over the year. 'Interest Rate - Yield Compression' was another detractor with 'Equity - China' and 'Credit - US High Yield' also naturally underperforming in light of the risk-off market environment.

Summary of investment ideas

There were two new ideas added to the strategy:

'Equity - European Infrastructure', fiscal spending by governments and corporate capital spending are expected to rise. The pandemic has shown that supply chains are highly fragile, and infrastructure is deficient. An aging population and shrinking workforce mean that firms and governments will be forced to invest more in capital projects in order to boost productivity and grow. We express this idea via an equity basket consisting of Europe ex-UK companies with more than 30% revenue from Europe and in sectors which governments have specifically targeted for investment such as infrastructure, roads, rail, renewables, digitalisation.

'Interest Rates - Australia vs US', Australian rates are priced far too high as a spread above US rates given the differing economic fundamentals in the two economies. Australia does not have the very rapid, well above target inflation and already strong wages growth that is apparent in the US. Hikes of the magnitude priced in the US, and at the speed they are priced, seem unlikely in Australia. The RBA has made it clear it will seek to be patient and wants to re-inflate the economy and lift wages growth in particular, which may yet take some time, even with a tight labour market. Hence, we expect the RBA to lag the Fed, and for there to be a lot fewer hikes than the market is currently pricing for Australia. The idea has a positive carry and the fact that the spread between the two regions is at the widest since 2017 also makes this an attractive investment opportunity.

Four ideas were removed: 'Interest Rates - Germany vs France', 'Equity - Energy', 'Japanese Yen vs US Dollar', 'Japanese Yen vs Europe'.



Contact

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

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- ¹ The underlying, Luxembourg-based Global Targeted Returns Strategy composite commenced on 31 December 2013.
- ² Invesco does not guarantee that the Fund will achieve its objective.
- ³ The Fund is managed on a benchmark-unaware basis.
- ⁴ Please refer to the PDS for further information.
- ⁵ Performance Fee Hurdle is the Bloomberg Ausbond Bank Bill Index +1.5% p.a.