

Invesco Wholesale Global Targeted Returns Fund – Class A

Monthly Factsheet

31 August 2022

Fund Managers
Richard Batty Fund Manager
Gwylim Satchell Fund Manager
Sebastian Mackay Fund Manager
Georgina Taylor Fund Manager
Fund facts at a glance
Asset class Liquid alternatives, multi asset
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
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
Benchmark Bloomberg AusBond Bank Bill Index ³ (Australian pooled Fund) Euribor 3M (underlying Luxembourg strategy)
Risk profile High
Time horizon 3-5 years
Distribution frequency Annually, as at 30 June
Inception date 28/2/15
Minimum investment \$20,000
MER/ICR 0.55%
Buy/Sell Spread 0.30%/0.30%
APIR code GTU0109AU
Performance fee (p.a.)⁴ 10% above hurdle ⁵

Fund performance analysis (periods to 31 August 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	0.11	0.15	-0.04
3 months	0.61	0.33	0.28
6 months	-0.95	0.35	-1.30
1 year	-6.34	0.37	-6.71
2 years p.a.	-3.12	0.21	-3.33
3 years p.a.	-1.98	0.36	-2.34
5 years p.a.	-1.30	0.95	-2.25
Calendar year to date	-6.18	0.36	-6.54
Financial year to date	1.81	0.28	1.53
Since inception p.a.	0.41	1.31	-0.90

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.

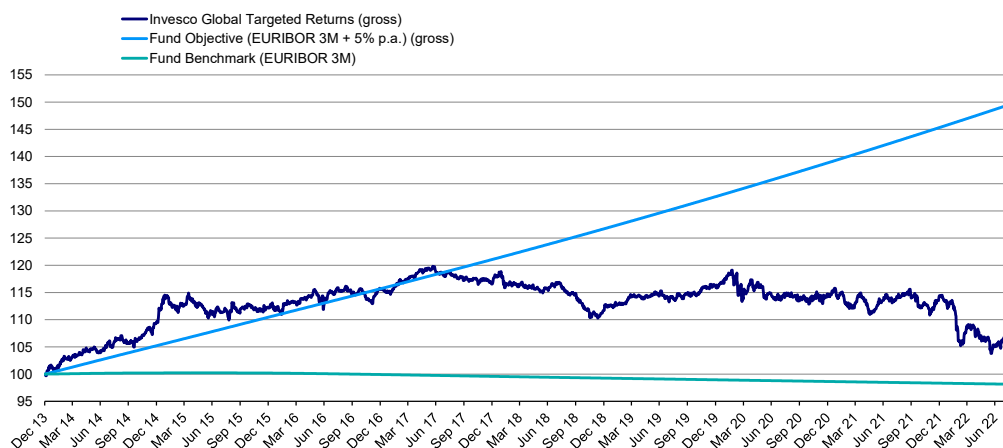
Underlying Luxembourg Strategy performance analysis in EUR (periods to 31 August 2022)

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	-0.06	0.03	-0.09
3 months	0.22	0.02	0.20
6 months	-1.60	-0.10	-1.50
1 year	-6.95	-0.37	-6.58
2 years p.a.	-3.38	-0.45	-2.93
3 years p.a.	-2.32	-0.43	-1.89
5 years p.a.	-2.04	-0.39	-1.65
Calendar year to date	-6.80	-0.18	-6.62
Financial year to date	1.52	0.04	1.48
Since inception p.a.	0.84	-0.26	1.10

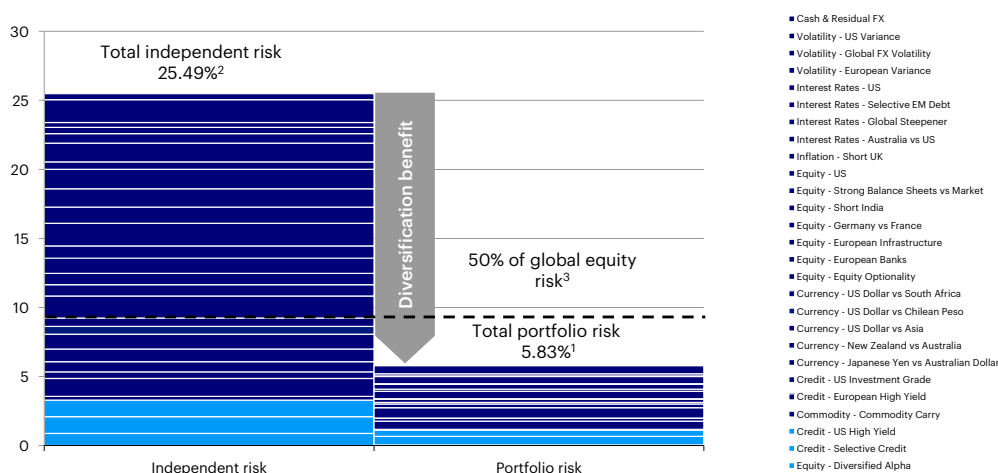
Returns can go up and down. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences.

Cumulative performance of the GTR Strategy since inception¹ in EUR



Fund analysis (as at 31 August 2022)

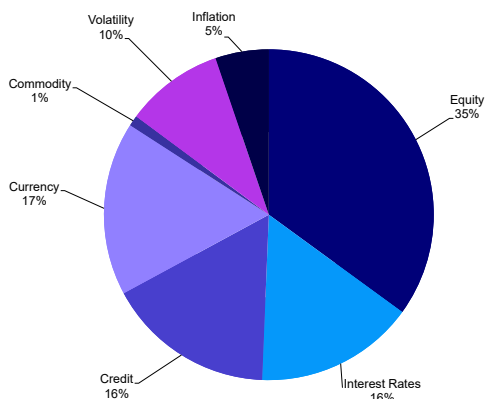
The diagram below illustrates how portfolio risk is reduced by combining a diversified array of individual investment ideas within a single, risk managed portfolio.



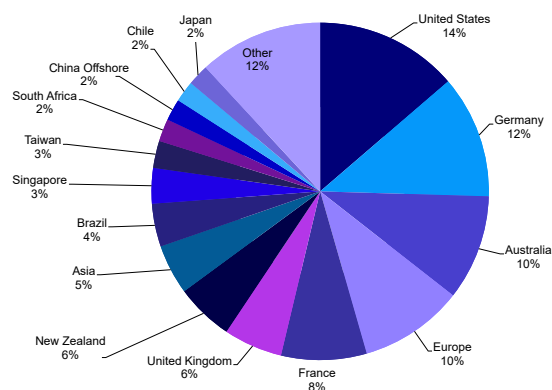
Source: Invesco as at 31 August 2022. For illustrative purposes only. ¹Portfolio risk – the expected volatility of the fund as measured by the standard deviation of the current portfolio of ideas over the last three and a half years. ²Independent risk – the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years. ³Global equity risk is the expected volatility of the MSCI World index as measured by its standard deviation over the last three and a half years, 18.77% as at 31 August 2022.

Portfolio statistics (as at 31 August 2022)

Contribution to total independent risk by asset (%)



Contribution to total independent risk by country (%)



Assets under management

	A\$m
Fund AUM:	197.05
Australian Sourced GTR AUM:	197.05
Strategy AUM:	5,431.62

In the table above, 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.

Market review

Global equity markets fell in August, driven largely by the likelihood of more aggressive monetary action from central banks as inflation continued to rise in most regions. A pivotal point in the month was the delivery of a hawkish speech from US Federal Reserve Chair Jerome Powell at the Jackson Hole Economic Symposium, where he unequivocally committed the US central bank to raising interest rates until inflation meaningfully slows.

Regionally, the sell-off was driven by developed markets with Europe ex-UK and the US underperforming significantly. On the other hand, the emerging markets rallied, led by Brazil, Indonesia, India, Taiwan and mainland China, all of whom ended the month in positive territory. From a sector perspective, healthcare, technology, real estate and industrials were the biggest losers. Meanwhile, on the back of rising energy prices, energy was the best performing sector.

Against this backdrop US, UK and European government bonds sold off. It was also a challenging month for corporate debt markets with losses across the board for sterling, euro and US dollar denominated bonds. In contrast to most other economies, China cut interest rates due to the deteriorating economic picture, particularly in the property market.

Elsewhere, the dollar rallied again as demand for the perceived 'safe-haven' currency increased following talks of more aggressive rate hikes and a relatively 'risk off' environment. Conversely, oil prices fell sharply over the month due as fears of an economic slowdown continued to mount.

Contributors to performance

Being long the US Dollar was a positive contributing factor, with the currency being buoyed by its perceived 'safe haven' status coupled with expectations that the US Fed would be more aggressive in their tightening path relative to other central banks. Our long US Dollar positions vs a basket of Asian currencies, the South African Rand and the UK Pound contributed the most. 'Equity: European Banks' also delivered positive results as we were able to reduce our exposure and lock in gains before markets started to sell-off in the second part of the month.

'Inflation: Short UK' was one of the largest detractors in August as another jump in food and energy prices helped exacerbate inflation in the eurozone to multi-year highs. 'Interest Rates: Global Steepener' also detracted from overall performance after short-end rates spiked relative to long-end rates as investors digested hawkish comments by Federal Reserve Chair Jerome Powell at the central bank's annual symposium in Jackson Hole. Given the move higher in bond yields, 'Interest Rates: US' also ended the period in negative territory. Directional ideas within credit, most notably 'Credit: US Investment Grade' and 'Credit: Selective Credit' underperformed given the move higher in bond yields and a widening of credit spreads.

Summary of investment ideas

There was one new idea added to the strategy:

'Currency: US Dollar vs Chilean Peso'. The Japanese Yen has been a key underperformer in 2022. The evolution of risks moving from inflation to weaker growth could support perceived safe-haven currencies such as the Yen versus more economically sensitive currencies like the Australian Dollar. Japan may need to shift policy emphasis at the same time that Australia interest rate hikes start to impact the housing market and consumers. The pair differential between New Zealand and Australia has also widened, leading to attractive carry opportunities.

There was also a significant change to one idea:

'Interest Rates: Selective EM Debt'. Added a long exposure to Brazilian rates, reduced long Mexican rates, and removed the remaining Russian debt exposure.

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Notes

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 PDF for further information

⁵ Performance Fee Hurdle is the Bloomberg Ausbond Bank Bill Index +1.5%p.a.

Important Information

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