

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

31 August 2023

<b>Fund Managers - Invesco Australian Equities Team<sup>1</sup></b>
<b>André Roberts</b> Senior Portfolio Manager
<b>Neil Lahy</b> Senior Portfolio Manager
<b>Ritchard Longmire</b> Senior Portfolio Manager
<b>Nicole Schnuderl</b> Senior Portfolio Manager
<b>CJ Tsai</b> Portfolio Manager
<b>Fund facts at a glance</b>
<b>Asset class</b> Australian equities
<b>Objective<sup>2</sup></b> To provide long-term capital growth and distributions by investing in smaller companies listed on the Australian sharemarket, predominantly outside the S&P/ASX 100 Index
<b>Management style</b> Style-neutral, quantitative
<b>Benchmark</b> <ul style="list-style-type: none"> <li>From inception to 31/12/88 = ASX All Ordinaries ex 50 Leaders</li> <li>From 1/1/89 = ASX All Ordinaries ex 100 Leaders</li> <li>From 1/1/91 = ASX Small Ordinaries Index</li> <li>From 1/4/00 = S&amp;P/ASX Small Ordinaries Accumulation Index</li> </ul>
<b>Risk profile</b> High
<b>Time horizon</b> 7 years
<b>Distribution frequency</b> Half-yearly
<b>Inception date<sup>1</sup></b> 31/3/88
<b>Minimum investment</b> \$20,000
<b>MER/ICR</b> 0.55%
<b>Buy/Sell Spread</b> 0.20%/0.20%
<b>APIR code</b> CNA0812AU

### Performance analysis (periods to 31 August 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-0.18	-1.31	1.13
3 months	5.50	2.22	3.28
6 months	0.87	0.90	-0.03
1 year	1.38	-1.12	2.50
2 years p.a.	-3.86	-8.14	4.28
3 years p.a.	6.06	3.00	3.06
5 years p.a.	4.41	2.40	2.01
7 years p.a.	5.88	5.15	0.73
10 years p.a.	4.87	5.74	-0.87
Calendar year to date	2.77	3.54	-0.77
Financial year to date	4.32	2.19	2.13
Since inception p.a.	10.29	5.57	4.72

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.

Net distribution growth splits			
Periods	Distribution %	Growth %	Total %
3 months	1.85	3.65	5.50
6 months	1.77	-0.90	0.87
1 year	3.06	-1.68	1.38
2 years p.a.	10.54	-14.40	-3.86
3 years p.a.	11.93	-5.87	6.06
5 years p.a.	10.14	-5.73	4.41
7 years p.a.	8.05	-2.17	5.88
10 years p.a.	7.01	-2.14	4.87

Net risk profile		
Periods	Tracking error %	Information Ratio
1 year	3.96	0.63
2 years p.a.	3.83	1.12
3 years p.a.	3.79	0.81
5 years p.a.	3.89	0.52
7 years p.a.	4.33	0.17
10 years p.a.	4.76	-0.18
Since inception p.a.	6.30	0.75

Assets under management		A\$m
Fund AUM:		21.31
Strategy AUM:		21.31

**Fund analysis (as at 31 August 2023)**

<b>Market capitalisation allocation</b>			
<b>Ranges</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
1-20	0.00	0.00	0.00
21-50	0.00	0.00	0.00
51-100	0.00	0.00	0.00
101-200	60.71	74.73	-14.03
201-300	35.27	25.27	10.01
301-500	0.00	0.00	0.00
500+	3.71	0.00	3.71
Cash [net of payables]	0.31	0.00	0.31

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	3.31	5.17	-1.86
Consumer Discretionary	18.49	17.41	1.08
Consumer Staples	3.43	3.88	-0.44
Energy	6.41	6.34	0.08
Financials Ex Lpt	10.15	9.58	0.57
Health Care	5.19	7.31	-2.12
Industrials	9.32	7.78	1.54
Information Technology	4.78	5.56	-0.78
Materials Ex Metals and Mining	5.39	4.40	0.99
Metals and Mining	21.20	20.01	1.19
Other	3.41	0.00	3.41
Real Estate	8.60	12.56	-3.96
Cash [net of payables]	0.31	0.00	0.31

<b>Five largest overweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Unibail-Rodamco-Westfield SE	2.14	0.29	1.85
FleetPartners Group Limited	2.12	0.34	1.78
Super Retail Group Limited	2.67	0.90	1.78
Helia Group Limited	2.24	0.48	1.76
Premier Investments Limited	2.84	1.11	1.73

<b>Five largest underweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Flight Centre Travel Group Limited	0.00	1.55	-1.55
ARB Corporation Limited	0.00	1.12	-1.12
HUB24 Limited	0.00	1.11	-1.11
Breville Group Limited	0.00	1.04	-1.04
TPG Telecom Limited	0.00	1.04	-1.04

<b>10 largest holdings</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Premier Investments Limited	2.84	1.11	1.73
Webjet Limited	2.69	1.15	1.54
Super Retail Group Limited	2.67	0.90	1.78
Sandfire Resources Ltd	2.60	1.32	1.28
Megaport Ltd.	2.39	0.78	1.61
Boral Limited	2.32	0.67	1.65
Helia Group Limited	2.24	0.48	1.76
NRW Holdings Limited	2.20	0.53	1.67
Waypoint REIT Ltd.	2.16	0.72	1.43
Unibail-Rodamco-Westfield SE	2.14	0.29	1.85

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.

**Market review**

During the month of August, equity markets in Australia posted negative returns with the ASX Small Ordinaries declining due to weak sector performances from health care, real estate and financials. The Reserve Bank of Australia opted to hold interest rates at 4.1% citing the fact that past increases had shown signs of cooling demand. It is now forecasting inflation falling back to target in late 2025. In addition, Australia's unemployment rate rose by 20bps from 3.5% to 3.7%, while the Q2 year-on-year wage growth slowed to 3.6%, below estimates of 3.7%.

In August, Value stayed flat, while Momentum and Quality had a positive impact on performance over the month. Stock specific effects, which are not attributable to any proprietary factor, had a positive impact as well.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly positive over the month. Here, our overweight in the Consumer Discretionary Sector had a positive impact, while an underweight on both the Financials and the Health Care Sectors contributed positively to active returns.

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**Contributors to performance**

Over August, the Australian multi-factor model posted positive results, with Quality, Momentum and Value ending the month in positive territory. All three factors showed a constant positive performance over the whole month. Among the factors, Quality was the strongest in the model.

Within our Australian universe, the highest rated stocks identified by our multi-factor model outperformed the broader market, while the least attractively rated stocks underperformed.

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**Risk management**

During the month we made several adjustments to the portfolio as a result of our multi-factor portfolio optimisation process. Amongst others, we increased our position in Webjet Ltd. based on its positive Momentum score and Boral Limited due to its strong Momentum and Quality scores. On the other hand, we reduced our position in Lovisa Holdings and Life360 Ltd. due to their negative Momentum and Value factor scores respectively.

The ex-ante tracking error of the fund was at 3.51% at month-end. Attributing by sources of active risk, the majority, 92% is associated with our multi-factor model, which includes stock-specific risks as a by-product of our stock selection process. Risk indices representing other style exposures within the portfolio contributed 2% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 3%. The portfolio beta with respect to S&P/ASX Small Ordinaries was estimated 1.0 at month-end.

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**Notes**

- <sup>1</sup> The IQS team assumed management of the fund on 31 January 2018. Prior to this date, the fund was managed on a 'fundamental value' basis.
  - <sup>2</sup> Invesco does not guarantee that the Fund will achieve its objective.
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**Important Information**

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