

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

30 September 2022

### Fund Managers - Invesco Australian Equities Team<sup>1</sup>

**André Roberts**  
Senior Portfolio Manager

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Senior Portfolio Manager

**Neil Lahy**  
Senior Portfolio Manager

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Senior Portfolio Manager

**CJ Tsai**  
Portfolio Manager

### Fund facts at a glance

**Asset class**  
Australian equities

### Objective<sup>2</sup>

To provide long-term capital growth and distributions by investing in small companies listed on the Australian share market, predominantly outside the S&P/ASX 100 Index

### Management style

Style-neutral, quantitative

### Benchmark

- From inception to 31/12/88 = ASX All Ordinaries ex 50 Leaders
- From 1/1/89 = ASX All Ordinaries ex 100 Leaders
- From 1/1/91 = ASX Small Ordinaries Index
- From 1/4/00 = S&P/ASX Small Ordinaries Accumulation Index

### Risk profile

High

### Time horizon

7 years

### Distribution frequency

Half-yearly

### Inception date<sup>1</sup>

31/3/88

### Minimum investment

\$20,000

### MER/ICR

0.55%

### Buy/Sell Spread

0.20%/0.20%

### APIR code

CNA0812AU

### Performance analysis (periods to 30 September 2022)

#### Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	-9.04	-11.20	2.16
3 months	3.76	-0.47	4.23
6 months	-17.80	-20.76	2.96
1 year	-14.86	-22.56	7.70
2 years p.a.	4.74	0.49	4.25
3 years p.a.	3.16	-0.80	3.96
5 years p.a.	6.46	4.07	2.39
7 years p.a.	7.13	7.17	-0.04
10 years p.a.	5.05	4.58	0.47
Calendar year to date	-20.03	-24.10	4.07
Financial year to date	3.76	-0.47	4.23
Since inception p.a.	10.23	5.40	4.83

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	16.21	-12.45	3.76
6 months	12.85	-30.65	-17.80
1 year	15.55	-30.41	-14.86
2 years p.a.	15.81	-11.07	4.74
3 years p.a.	11.79	-8.63	3.16
5 years p.a.	10.34	-3.88	6.46
10 years p.a.	7.06	-2.01	5.05

#### Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.85	2.00
2 years p.a.	4.01	1.06
3 years p.a.	3.66	1.08
5 years p.a.	4.00	0.60
10 years p.a.	5.07	0.09
Since inception p.a.	6.36	0.76

### Fund analysis (as at 30 September 2022)

#### Assets under management

	A\$m
Fund AUM:	11.72
Strategy AUM:	11.72

<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	0.73	0.00	0.73
101-200	61.02	72.08	-11.06
201-300	35.02	27.92	7.10
301-500	0.39	0.00	0.39
500+	1.39	0.00	1.39
Cash [net of payables]	1.45	0.00	1.45

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	2.67	5.25	-2.58
Consumer Discretionary	15.49	13.64	1.84
Consumer Staples	4.14	4.96	-0.82
Energy	7.11	6.11	0.99
Financials Ex Lpt	10.00	11.43	-1.43
Health Care	6.25	6.32	-0.08
Industrials	9.21	7.98	1.22
Information Technology	9.42	8.05	1.37
Materials Ex Metals and Mining	2.99	4.01	-1.02
Metals and Mining	19.00	19.35	-0.36
Real Estate	10.89	12.88	-2.00
[Other]	1.39	0.00	1.39
Cash [net of payables]	1.45	0.00	1.45

<b>Five largest overweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Premier Investments Limited	3.20	1.06	2.14
Genworth Mortgage Insurance Australia Ltd	2.48	0.42	2.06
Viva Energy Group Ltd.	2.89	0.83	2.06
Graincorp Limited Class A	2.80	0.82	1.99
Lovisa Holdings Ltd.	2.59	0.64	1.95

<b>Five largest underweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Seven Group Holdings Limited	0.00	1.24	-1.24
Beach Energy Limited	0.00	1.11	-1.11
Flight Centre Travel Group Limited	0.02	1.04	-1.02
Corporate Travel Management Limited	0.00	1.00	-1.00
Tabcorp Holdings Limited	0.00	0.97	-0.97

<b>10 largest holdings</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Technology One Limited	3.32	1.38	1.94
Premier Investments Limited	3.20	1.06	2.14
Viva Energy Group Ltd.	2.89	0.83	2.06
Graincorp Limited Class A	2.80	0.82	1.99
Eagers Automotive Limited	2.69	0.89	1.81
Perseus Mining Limited	2.69	0.97	1.72
New Hope Corporation Limited	2.65	1.47	1.18
Lovisa Holdings Ltd.	2.59	0.64	1.95
Genworth Mortgage Insurance Australia Ltd	2.48	0.42	2.06
Mcmillan Shakespeare Limited	2.38	0.43	1.95

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**

The Australian market plummeted during September, with all sectors finishing the month lower as global central bank rhetoric remains hawkish. Utilities and Real Estate were the laggards, while Health Care and Consumer Staples performed relatively well in comparison. The global central bank tightening cycle and earnings downgrades on broad commodities (excluding lithium) weighed on the Australian stock markets. The small gains of the Australian Index ASX200 over the first full week in September couldn't compensate the losses over the month and the index closed in deep red numbers.

In this environment, the portfolio performed -9.00% (gross of fees) relative to a benchmark return of -11.20%.

Contribution from our multi-factor model was strongly positive in September. Momentum, Quality and Value added positively to performance with Quality as the largest weight. Meanwhile Stock specific returns, which are not attributable to any other factor had a negative effect on active performance over the period.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was neutral over the month. Hereby our underweight in the Financials sector had a strong positive impact on performance, while the overweight in the Information Technology sector weighted strongly negatively on active performance.

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**Contributors to performance**

Over September, the Australian multi-factor model posted positive results with Momentum, Quality and Value contributing positively. Quality performed very well throughout the month, while the other factors did not perform until the second half of the month. Value worked well in the second half of the month with strong Earnings Yield. Momentum ended in positive territory, with price momentum performing better than earnings / fundamental momentum.

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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**Market outlook and portfolio strategy**

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 Grange Resources based on its positive Momentum, Quality and Value factor score. On the other hand, we sold all of our Sandfire Resources position as a result of its negative Alpha and Momentum score.

The ex-ante tracking error of the fund was at 4.1% at month-end. Attributing by sources of active risk, 93% of active risk 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 1% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 2%. Within a product specific range, the portfolio beta was 1.00 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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