

Invesco Wholesale Australian Smaller Companies Fund - Class A

Monthly Factsheet

30 September 2023

Fund Managers - Invesco Australian Equities Team¹
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Fund facts at a glance
Asset class Australian equities
Objective² 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
Management style Style-neutral, quantitative
Benchmark <ul style="list-style-type: none"> 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 date¹ 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 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-3.90	-4.04	0.14
3 months	0.25	-1.94	2.19
6 months	-2.17	-2.47	0.30
1 year	7.11	6.85	0.26
2 years p.a.	-4.50	-9.04	4.54
3 years p.a.	5.53	2.57	2.96
5 years p.a.	3.77	1.63	2.14
7 years p.a.	5.23	4.31	0.92
10 years p.a.	3.86	5.13	-1.27
Calendar year to date	-1.24	-0.64	-0.60
Financial year to date	0.25	-1.94	2.19
Since inception p.a.	10.14	5.44	4.70

Please note for the period ended 30 September 2023, the fund performance returns are as at Thursday 28 September 2023. This is due to a public holiday in Victoria on Friday 29 September 2023 where the Fund did not issue a transaction price.

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	1.76	-1.51	0.25
6 months	1.72	-3.89	-2.17
1 year	3.23	3.88	7.11
2 years p.a.	10.48	-14.98	-4.50
3 years p.a.	11.88	-6.35	5.53
5 years p.a.	10.09	-6.32	3.77
7 years p.a.	8.00	-2.77	5.23
10 years p.a.	6.94	-3.08	3.86

Net risk profile		
Periods	Tracking error %	Information Ratio
1 year	3.35	0.08
2 years p.a.	3.78	1.20
3 years p.a.	3.79	0.78
5 years p.a.	3.88	0.55
7 years p.a.	4.31	0.21
10 years p.a.	4.56	-0.28
Since inception p.a.	6.29	0.75

Assets under management	
	A\$m
Fund AUM:	23.26
Strategy AUM:	23.26

Fund analysis (as at 30 September 2023)

Market capitalisation allocation			
Ranges	Fund %	Benchmark %	Active weight %
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	59.34	73.83	-14.49
201-300	35.61	26.17	9.45
301-500	0.00	0.00	0.00
500+	4.55	0.00	4.55
Cash [net of payables]	0.50	0.00	0.50

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	3.31	4.93	-1.62
Consumer Discretionary	17.39	17.34	0.05
Consumer Staples	3.40	3.46	-0.06
Energy	8.22	7.89	0.33
Financials Ex Lpt	11.20	9.92	1.29
Financials-X-Property Trusts (Gic)	0.00	0.26	-0.26
Health Care	5.35	7.29	-1.94
Industrials	9.48	8.20	1.28
Information Technology	4.30	5.79	-1.49
Materials Ex Metals and Mining	4.79	4.24	0.55
Metals and Mining	18.63	18.55	0.08
Other	4.55	0.00	4.55
Real Estate	8.88	12.12	-3.24
Cash [net of payables]	0.50	0.00	0.50

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Kogan.com Ltd.	2.12	0.20	1.92
Accent Group Ltd	2.24	0.35	1.89
Super Retail Group Limited	2.68	0.83	1.85
Megaport Ltd.	2.60	0.81	1.79
Unibail-Rodamco-Westfield SE	2.04	0.25	1.79

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Flight Centre Travel Group Limited	0.00	1.48	-1.48
Chorus Limited	0.00	1.33	-1.33
Beach Energy Limited	0.04	1.13	-1.09
Harvey Norman Holdings Ltd	0.00	1.06	-1.06
ARB Corporation Limited	0.00	1.04	-1.04

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
Webjet Limited	2.79	1.12	1.67
Super Retail Group Limited	2.68	0.83	1.85
Megaport Ltd.	2.60	0.81	1.79
Premier Investments Limited	2.52	1.08	1.44
Sandfire Resources Ltd	2.31	1.22	1.10
Accent Group Ltd	2.24	0.35	1.89
Viva Energy Group Ltd.	2.20	1.40	0.80
Kogan.com Ltd.	2.12	0.20	1.92
NRW Holdings Limited	2.12	0.53	1.59
Boral Limited	2.11	0.57	1.54

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 September, equity markets in Australia posted negative returns with the ASX Small Ordinaries Index declining as the higher for longer sentiment gained momentum. Despite this, the energy sector demonstrated resilience, while real estate and information technology stocks performed poorly. Towards the end of the month, fresh highs for the US 10-year yield and rising oil prices weighed on smaller companies share prices. The CPI figure announced in August rose to 5.2% in line with expectations, while core inflation fell to 5.5%. At the same time, retail sales increased slightly during the month of August and the unemployment rate remained steady.

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

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

Contributors to performance

Over September, the Australian multi-factor model posted performed positively. Value outperformed Quality and Momentum, but all three factors ended the month in positive territory. Within Momentum, Earnings Momentum outperformed Price Momentum. Consumer discretionary, health care and IT were the best performing sectors.

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.

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 Westgold Resources based on its elevated Momentum score and in Magellan Financial Group due to its strong Momentum and Value scores. On the other hand, we reduced our position in Lovisa Holdings and Chorus Ltd. due to their negative Momentum and Value factor scores respectively. The ex-ante tracking error of the fund was at 3.74% 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 1% 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

- ¹ 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.
 - ² Invesco does not guarantee that the Fund will achieve its objective.
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Important Information

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