Invesco

Invesco Wholesale Australian Smaller Companies Fund - Class A

Monthly Factsheet

31 October 2022

Fund Managers - Invesco Australian Equities Team[1]

André Roberts
Senior Portfolio Manager

Ritchard Longmire
Senior Portfolio Manager

Neil Lahy
Senior Portfolio Manager

Nicole Schnuderl
Senior Portfolio Manager

CJ Tsai
Portfolio Manager

Fund facts at a glance

Asset class
Australian equities

Objective[2]
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[1]
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 31 October 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	7.17	6.46	0.71
3 months	-0.72	-4.91	4.19
6 months	-10.78	-14.36	3.58
1 year	-9.53	-18.31	8.78
2 years p.a.	8.43	3.45	4.98
3 years p.a.	5.38	1.46	3.92
5 years p.a.	6.83	4.16	2.67
7 years p.a.	7.41	7.08	0.33
10 years p.a.	5.66	5.10	0.56
Calendar year to date	-14.29	-19.20	4.91
Financial year to date	11.20	5.96	5.24
Since inception p.a.	10.42	5.57	4.85

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	0.00	-0.72	-0.72
6 months	13.94	-24.72	-10.78
1 year	16.52	-26.05	-9.53
2 years p.a.	16.37	-7.94	8.43
3 years p.a.	12.04	-6.66	5.38
5 years p.a.	10.38	-3.55	6.83
7 years p.a.	8.17	-0.76	7.41
10 years p.a.	7.10	-1.44	5.66

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.74	2.35
2 years p.a.	3.97	1.25
3 years p.a.	3.64	1.07
5 years p.a.	3.99	0.67
7 years p.a.	4.64	0.07
10 years p.a.	5.07	0.11
Since inception p.a.	6.35	0.76

Fund analysis (as at 31 October 2022)

Assets under management

	A$m
Fund AUM:	12.62
Strategy AUM:	12.62

Invesco

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	62.11	72.88	-10.78
201-300	35.90	27.12	8.78
301-500	0.18	0.00	0.18
500+	1.36	0.00	1.36
Cash [net of payables]	0.45	0.00	0.45

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	3.22	5.39	-2.17
Consumer Discretionary	16.04	14.00	2.04
Consumer Staples	3.96	4.90	-0.95
Energy	6.51	5.87	0.64
Financials Ex Lpt	8.97	11.07	-2.10
Health Care	6.24	6.69	-0.45
Industrials	9.06	7.83	1.24
Information Technology	9.33	8.04	1.29
Materials Ex Metals and Mining	2.80	3.82	-1.01
Metals and Mining	19.89	18.84	1.05
Real Estate	12.15	13.55	-1.40
[Other]	1.36	0.00	1.36
Cash [net of payables]	0.45	0.00	0.45

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
National Storage REIT	3.31	1.24	2.07
Lovisa Holdings Ltd.	2.73	0.69	2.04
Premier Investments Limited	3.08	1.11	1.98
Unibail-Rodamco-Westfield	2.25	0.27	1.98
Eagers Automotive Limited	2.90	0.94	1.96

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
Seven Group Holdings Limited	0.00	1.26	-1.26
Flight Centre Travel Group Limited	0.02	1.14	-1.12
Beach Energy Limited	0.00	1.12	-1.12
Bapcor Ltd	0.00	0.99	-0.99
Corporate Travel Management Limited	0.00	0.98	-0.98

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Technology One Limited	3.37	1.48	1.89
National Storage REIT	3.31	1.24	2.07
Premier Investments Limited	3.08	1.11	1.98
Perseus Mining Limited	3.01	1.10	1.91
Eagers Automotive Limited	2.90	0.94	1.96
Viva Energy Group Ltd.	2.79	0.85	1.94
Lovisa Holdings Ltd.	2.73	0.69	2.04
Graincorp Limited Class A	2.69	0.83	1.86
NRW Holdings Limited	2.42	0.51	1.91
Super Retail Group Limited	2.28	0.73	1.55

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.

Monthly commentary

Market review
The Australian market soared over October, with the majority of sectors finishing the month higher. The Financials and Energy sectors showed the best performance while the Consumer Staples and Materials sectors were the laggards, being the only sectors ending the month in negative territory. Meanwhile Australian unemployment rate stabilised while CPI inflation continued to rise, reaching its highest level (7.3%) since 1990.

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

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly negative over the month. Hereby our overweight in the Consumer Discretionary sector had a strong positive impact on performance, while the overweight in the Materials sector weighted strongly negatively on active performance.

Contributors to performance
Over October, the Australian multi-factor model posted positive results. Momentum contributed positively, with earnings momentum outperforming price momentum. Quality posted flat returns while Value performed weaker throughout the month.

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.

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 National Storage REIT based on its positive Momentum factor score and positive alpha contribution. On the other hand, we sold all of our Johns Lyng Group position as a result of its negative Alpha and negative Quality and Value factor score.

The ex-ante tracking error of the fund was at 4.30% at month-end. Attributing by sources of active risk, 91% 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 1.0 at month-end.

Invesco

Contact

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

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.

Important Information

This document has been prepared by Invesco Australia Ltd (Invesco) ABN 48 001 693 232, Australian Financial Services Licence number 239916, who can be contacted on freecall 1800 813 500, by email to clientservices.au@invesco.com, or by writing to GPO Box 231, Melbourne, Victoria, 3001. You can also visit our website at www.invesco.com/au.

This document contains general information only and does not take into account your individual objectives, taxation position, financial situation or needs. You should assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision. A Product Disclosure Statement (PDS) and Target Market Determination for any Invesco fund referred to in this document is available from Invesco. You should read the PDS and consider whether a fund is appropriate for you before making a decision to invest.

Invesco is authorised under its licence to provide financial product advice, deal in financial products and operate registered managed investment schemes. If you invest in an Invesco Fund, Invesco may receive fees in relation to that investment. Details are in the PDS. Invesco's employees and directors do not receive commissions but are remunerated on a salary basis. Neither Invesco nor any related corporation has any relationship with other product issuers that could influence us in providing the information contained in this document.

Investments in the Invesco funds are subject to investment risks including possible delays in repayment and loss of income and principal invested. Neither Invesco nor any other member of the Invesco Ltd Group guarantee the return of capital, distribution of income, or the performance of any of the Funds. Any investments in the Funds do not represent deposits in, or other liabilities of, any other member of the Invesco Ltd Group.

Invesco has taken all due care in the preparation of this document. To the maximum extent permitted by law, Invesco, its related bodies corporate, directors or employees are not liable and take no responsibility for the accuracy or completeness of this document and disclaim all liability for any loss or damage of any kind (whether foreseeable or not) that may arise from any person acting on any statements contained in this document. This document has been prepared only for those persons to whom Invesco has provided it. It should not be relied upon by anyone else.

© Copyright of this document is owned by Invesco. You may only reproduce, circulate and use this document (or any part of it) with the consent of Invesco.