

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

31 December 2022

<b>Fund Managers - Invesco Australian Equities Team<sup>1</sup></b>
<b>André Roberts</b> Senior Portfolio Manager
<b>Ritchard Longmire</b> Senior Portfolio Manager
<b>Neil Lahy</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 small companies listed on the Australian share market, 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 December 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-3.43	-3.73	0.30
3 months	8.45	7.54	0.91
6 months	12.53	7.03	5.50
1 year	-13.27	-18.38	5.11
2 years p.a.	3.35	-2.32	5.67
3 years p.a.	5.13	1.38	3.75
5 years p.a.	5.13	2.92	2.21
7 years p.a.	7.23	6.64	0.59
10 years p.a.	5.40	5.13	0.27
Calendar year to date	-13.27	-18.38	5.11
Financial year to date	12.53	7.03	5.50
Since inception p.a.	10.41	5.58	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	0.00	8.45	8.45
6 months	17.58	-5.05	12.53
1 year	15.84	-29.11	-13.27
2 years p.a.	15.61	-12.26	3.35
3 years p.a.	12.01	-6.88	5.13
5 years p.a.	10.22	-5.09	5.13
7 years p.a.	7.90	-0.67	7.23
10 years p.a.	7.08	-1.68	5.40

### Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.00	1.71
2 years p.a.	3.56	1.59
3 years p.a.	3.64	1.03
5 years p.a.	3.75	0.59
7 years p.a.	4.62	0.13
10 years p.a.	4.95	0.05
Since inception p.a.	6.34	0.76

### Fund analysis (as at 31 December 2022)

#### Assets under management

	A\$m
Fund AUM:	12.64
Strategy AUM:	12.64

<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	64.48	74.83	-10.35
201-300	33.53	25.17	8.36
301-500	0.00	0.00	0.00
500+	1.39	0.00	1.39
Cash [net of payables]	0.59	0.00	0.59

  

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	4.04	5.20	-1.16
Consumer Discretionary	15.42	13.54	1.88
Consumer Staples	2.89	4.34	-1.45
Energy	5.46	5.97	-0.51
Financials Ex Lpt	9.75	11.24	-1.49
Health Care	5.23	6.55	-1.32
Industrials	10.14	7.91	2.23
Information Technology	8.47	7.34	1.13
Materials Ex Metals and Mining	4.39	3.96	0.44
Metals and Mining	21.43	20.66	0.77
Real Estate	10.79	13.30	-2.51
[Other]	1.39	0.00	1.39
Cash [net of payables]	0.59	0.00	0.59

  

<b>Five largest overweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Helia Group Limited	2.37	0.38	1.98
NRW Holdings Limited	2.54	0.55	1.98
Premier Investments Limited	3.03	1.09	1.94
Unibail-Rodamco-Westfield SE Stapled Security Chess Depository Interests Repr 0.05 Sh	2.16	0.28	1.88
Technology One Limited	3.46	1.60	1.86

  

<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	1.44	-1.44
Beach Energy Limited	0.00	1.12	-1.12
Sandfire Resources Ltd	0.00	1.09	-1.09
Flight Centre Travel Group Limited	0.00	0.99	-0.99
Insignia Financial Ltd	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	3.46	1.60	1.86
Premier Investments Limited	3.03	1.09	1.94
Perseus Mining Limited	2.97	1.27	1.70
National Storage REIT	2.67	1.10	1.57
NRW Holdings Limited	2.54	0.55	1.98
Helia Group Limited	2.37	0.38	1.98
Graincorp Limited Class A	2.35	0.73	1.62
New Hope Corporation Limited	2.26	1.47	0.79
Eagers Automotive Limited	2.23	0.82	1.41
Lovisa Holdings Ltd.	2.22	0.66	1.56

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**

Australia's equity market declined during December. It was once again challenged by the Federal Reserve's aggressive stance on inflation in December. Therefore, despite strength in the major iron ore players as prices increased, it gave back some of last month's gains.

Contribution from our multi-factor model was positive in December. Value and Quality added positively to performance, Momentum weighted negatively on attributed returns over the month. Stock specific returns, which are not attributable to any other factor had a negative 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. An overweight in the Information Technology sector had a positive impact on performance, while the overweight in the Consumer Discretionary sector weighted negatively on active performance.

---

**Contributors to performance**

Over December, the Australian multi-factor model posted positive results with Quality and Value contributing positively. Both factors performed very well throughout the month, while Momentum was flat. Value worked well with strong Earnings and Cashflow Yield. Within Momentum, price momentum performed better than earnings momentum.

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

---

**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 Tabcorp Holdings Ltd. based on its positive total factor score and especially a good Quality factor score. On the other hand, we reduced our position in Sims Ltd. because of its negative Momentum factor score and low alpha score.

The ex-ante tracking error of the fund was at 3.9% at month-end. Attributing by sources of active risk, 60% the major part 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 5%. Within a product specific range, the portfolio beta was 1.0 at month-end.

---

**Contact**

Tel: 1800 813 500  
Email: [clientservices.au@invesco.com](mailto:clientservices.au@invesco.com)  
Website: [www.invesco.com/au](http://www.invesco.com/au)

---

**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.

---

**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](mailto: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](http://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.