

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

31 January 2023

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

#### 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<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 31 January 2023)

#### Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	6.40	6.56	-0.16
3 months	7.67	7.64	0.03
6 months	6.89	2.35	4.54
1 year	1.97	-4.44	6.41
2 years p.a.	6.13	0.95	5.18
3 years p.a.	6.22	2.41	3.81
5 years p.a.	6.35	4.35	2.00
7 years p.a.	8.67	8.42	0.25
10 years p.a.	5.43	5.37	0.06
Calendar year to date	6.40	6.56	-0.16
Financial year to date	19.74	14.05	5.69
Since inception p.a.	10.58	5.75	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	1.38	6.29	7.67
6 months	1.37	5.52	6.89
1 year	17.04	-15.07	1.97
2 years p.a.	15.69	-9.56	6.13
3 years p.a.	12.11	-5.89	6.22
5 years p.a.	10.49	-4.14	6.35
7 years p.a.	8.20	0.47	8.67
10 years p.a.	7.13	-1.70	5.43

#### Net risk profile

Periods	Tracking error %	Information Ratio
1 year	2.88	2.22
2 years p.a.	3.55	1.46
3 years p.a.	3.64	1.05
5 years p.a.	3.73	0.53
7 years p.a.	4.55	0.05
10 years p.a.	4.91	0.01
Since inception p.a.	6.33	0.76

### Fund analysis (as at 31 January 2023)

#### Assets under management

	A\$m
Fund AUM:	13.30
Strategy AUM:	13.30

<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	64.51	74.56	-10.06
201-300	33.98	25.44	8.55
301-500	0.00	0.00	0.00
500+	1.40	0.00	1.40
Cash [net of payables]	0.11	0.00	0.11

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	4.00	5.11	-1.12
Consumer Discretionary	15.93	14.11	1.82
Consumer Staples	2.82	4.22	-1.41
Energy	5.39	5.82	-0.43
Financials Ex Lpt	9.26	10.92	-1.66
Health Care	6.00	6.66	-0.66
Industrials	9.83	7.67	2.16
Information Technology	8.08	6.92	1.16
Materials Ex Metals and Mining	4.26	4.03	0.23
Metals and Mining	22.17	21.19	0.98
Real Estate	10.76	13.35	-2.58
[Other]	1.40	0.00	1.40
Cash [net of payables]	0.11	0.00	0.11

#### **Five largest overweight positions**

<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Premier Investments Limited	3.19	1.15	2.04
Unibail-Rodamco-Westfield SE	2.33	0.31	2.01
NRW Holdings Limited	2.57	0.56	2.01
Technology One Limited	3.59	1.66	1.93
Helia Group Limited	2.29	0.37	1.93

#### **Five largest underweight positions**

<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Seven Group Holdings Limited	0.00	1.46	-1.46
Sandfire Resources Ltd	0.00	1.18	-1.18
Perpetual Limited	0.05	1.14	-1.10
Flight Centre Travel Group Limited	0.00	1.02	-1.02
Beach Energy Limited	0.00	0.99	-0.99

#### **10 largest holdings**

<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Technology One Limited	3.59	1.66	1.93
Premier Investments Limited	3.19	1.15	2.04
Perseus Mining Limited	2.84	1.21	1.63
NRW Holdings Limited	2.57	0.56	2.01
Unibail-Rodamco-Westfield SE	2.33	0.31	2.01
Helia Group Limited	2.29	0.37	1.93
Super Retail Group Limited	2.18	0.84	1.34
Graincorp Limited Class A	2.18	0.70	1.48
National Storage REIT	2.18	1.03	1.15
Mcmillan Shakespeare Limited	2.16	0.37	1.79

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

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### Market review

Australian equities rallied over the month of January. The strong start to the year was mostly driven by a positive flow of news that indicated US inflation may moderate and reduce the forecast peak of monetary policy target interest rates. Sentiment was further supported in Australia with optimism regarding China's reopening and somewhat lower than expected Australian employment numbers. Consumer Discretionary and Materials stocks led the market higher, while Utilities and Energy lagged.

Contribution from our multi-factor model was negative in January. While Value and Quality added positively to performance, Momentum 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 neutral over the month. Hereby our overweight in the information technology sector and underweight in the consumer staples sector had a negative impact on performance, as had the overweight in the consumer discretionary sector.

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### Contributors to performance

Over January, the Australian multi-factor model posted negative results. All factors performed similar but with different magnitude. Value and Quality outperformed Momentum. While the most attractive Quality stocks outperformed, the most attractive Momentum and Value stocks posted a negative performance. Within Momentum, earnings momentum outperformed price momentum.

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

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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 Arafura Resources Ltd. and Sayona Mining Ltd. based on their positive Momentum factor score. On the other hand, we reduced our overweight in De Grey Mining due to its negative factor score in Quality and Value.

The ex-ante tracking error of the fund was at 4.04% at month-end. Attributing by sources of active risk, 97%, 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 2%. The portfolio beta with respect to S&P/ASX Small Ordinaries index 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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