

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

28 February 2023

<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 28 February 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-4.25	-3.70	-0.55
3 months	-1.61	-1.21	-0.40
6 months	0.50	-2.01	2.51
1 year	-2.94	-7.97	5.03
2 years p.a.	3.32	-1.69	5.01
3 years p.a.	8.04	4.24	3.80
5 years p.a.	5.41	3.56	1.85
7 years p.a.	8.36	7.70	0.66
10 years p.a.	4.61	4.88	-0.27
Calendar year to date	1.88	2.61	-0.73
Financial year to date	14.65	9.83	4.82
Since inception p.a.	10.42	5.63	4.79

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	1.27	-2.88	-1.61
6 months	1.29	-0.79	0.50
1 year	16.22	-19.16	-2.94
2 years p.a.	15.27	-11.95	3.32
3 years p.a.	12.32	-4.28	8.04
5 years p.a.	10.40	-4.99	5.41
7 years p.a.	8.17	0.19	8.36
10 years p.a.	7.08	-2.47	4.61

### Net risk profile

Periods	Tracking error %	Information Ratio
1 year	3.08	1.63
2 years p.a.	3.56	1.41
3 years p.a.	3.66	1.04
5 years p.a.	3.75	0.49
7 years p.a.	4.38	0.15
10 years p.a.	4.84	-0.06
Since inception p.a.	6.32	0.76

### Fund analysis (as at 28 February 2023)

Assets under management		A\$m
Fund AUM:		12.56
Strategy AUM:		12.56

<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	62.87	75.22	-12.35
201-300	34.53	24.78	9.75
301-500	0.00	0.00	0.00
500+	1.44	0.00	1.44
Cash [net of payables]	1.17	0.00	1.17

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	4.09	5.22	-1.12
Consumer Discretionary	16.45	14.52	1.94
Consumer Staples	2.63	4.28	-1.64
Energy	5.22	5.67	-0.45
Financials Ex Lpt	10.26	11.17	-0.91
Health Care	6.29	6.49	-0.20
Industrials	9.07	7.94	1.12
Information Technology	8.17	7.15	1.02
Materials Ex Metals and Mining	4.28	4.22	0.06
Metals and Mining	20.20	19.85	0.35
Real Estate	10.73	13.50	-2.78
[Other]	1.44	0.00	1.44
Cash [net of payables]	1.17	0.00	1.17

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

<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Helia Group Limited	2.67	0.47	2.20
Technology One Limited	3.75	1.78	1.97
Unibail-Rodamco-Westfield SE	2.29	0.33	1.96
Premier Investments Limited	3.09	1.18	1.92
Mcmillan Shakespeare Limited	2.27	0.39	1.88

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

<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Seven Group Holdings Limited	0.00	1.64	-1.64
Flight Centre Travel Group Limited	0.00	1.26	-1.26
Sandfire Resources Ltd	0.00	1.15	-1.15
AUB Group Limited	0.00	1.10	-1.10
Corporate Travel Management 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	3.75	1.78	1.97
Premier Investments Limited	3.09	1.18	1.92
Perseus Mining Limited	2.70	1.15	1.55
Helia Group Limited	2.67	0.47	2.20
Super Retail Group Limited	2.48	0.89	1.58
Eagers Automotive Limited	2.47	1.01	1.46
Graincorp Limited Class A	2.40	0.76	1.65
National Storage REIT	2.38	1.17	1.21
Unibail-Rodamco-Westfield SE	2.29	0.33	1.96
Mcmillan Shakespeare Limited	2.27	0.39	1.88

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 the month of February. Comments by US Federal Reserve officials, pointing towards a more prolonged restrictive monetary policy, led stocks to fall. Investors' concerns over falling spot prices caused prices of Material stocks to fall significantly, putting further downward pressure on the index. February coincides with interim and final reporting season for the majority of Australian companies and this led to significant dispersion in returns.

Contribution from our multi-factor model was negative in February, despite moderately positive predictive power of the model. Momentum and Quality both contributed negatively to performance, whereas Value had a positive contribution to active returns over the month. The Stock specific effects, which are not attributable to any other factor, had a positive impact on active returns.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was neutral over the month. Here, our overweight in the Information Technology sector had a positive impact on returns. An overweight in the Consumer Discretionary sector and an underweight in the Financials sector negatively affected performance.

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**Contributors to performance**

Over February, the Australian multi-factor model posted positive results. All factors performed positively but with different magnitude. Value and Quality outperformed Momentum. Within Momentum, earnings momentum outperformed price momentum. Non-financial stocks had the best outcome during the month. Dispersion across the market was elevated but consistent with higher stock specific volatility in reporting season.

Within our Australian universe, the highest rated stocks as well as the least attractively rated stocks identified by our multi-factor model 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 Nanosonics Ltd. and Accent Group Ltd. based on their positive Momentum factor score. On the other hand, we reduced our position in Capricorn Metals due to its negative factor score in Value and Momentum.

The ex-ante tracking error of the fund was at 3.98% at month-end. Attributing by sources of active risk, 47.63%, roughly half of the 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 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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