

Invesco Wholesale Australian Smaller Companies Fund - Class A

Monthly Factsheet

31 March 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 small companies listed on the Australian share market, 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 31 March 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-0.91	-0.72	-0.19
3 months	0.96	1.88	-0.92
6 months	9.49	9.55	-0.06
1 year	-10.00	-13.19	3.19
2 years p.a.	1.78	-2.43	4.21
3 years p.a.	16.67	13.15	3.52
5 years p.a.	5.76	3.89	1.87
7 years p.a.	7.73	6.77	0.96
10 years p.a.	4.68	5.16	-0.48
Calendar year to date	0.96	1.88	-0.92
Financial year to date	13.61	9.04	4.57
Since inception p.a.	10.36	5.59	4.77

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	1.30	-0.34	0.96
6 months	1.41	8.08	9.49
1 year	15.04	-25.04	-10.00
2 years p.a.	15.05	-13.27	1.78
3 years p.a.	13.30	3.37	16.67
5 years p.a.	10.43	-4.67	5.76
7 years p.a.	8.13	-0.40	7.73
10 years p.a.	7.09	-2.41	4.68

Net risk profile		
Periods	Tracking error %	Information Ratio
1 year	2.85	1.12
2 years p.a.	3.52	1.20
3 years p.a.	3.64	0.97
5 years p.a.	3.75	0.50
7 years p.a.	4.29	0.22
10 years p.a.	4.81	-0.10
Since inception p.a.	6.32	0.76

Fund analysis (as at 31 March 2023)

Assets under management		A\$m
Fund AUM:		12.32
Strategy AUM:		12.32

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	3.13	0.00	3.13
101-200	62.72	73.97	-11.25
201-300	32.42	26.03	6.39
301-500	0.00	0.00	0.00
500+	1.46	0.00	1.46
Cash [net of payables]	0.27	0.00	0.27

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	4.01	5.08	-1.07
Consumer Discretionary	16.95	16.07	0.89
Consumer Staples	2.26	4.38	-2.11
Energy	6.74	5.67	1.07
Financials Ex Lpt	8.87	8.89	-0.02
Health Care	6.95	7.27	-0.33
Industrials	8.76	8.42	0.34
Information Technology	5.81	4.85	0.96
Materials Ex Metals and Mining	4.08	3.82	0.25
Metals and Mining	24.06	22.94	1.12
Real Estate	9.77	12.61	-2.84
[Other]	1.46	0.00	1.46
Cash [net of payables]	0.27	0.00	0.27

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Technology One Limited	1.96	0.00	1.96
Helia Group Limited	2.31	0.37	1.94
Premier Investments Limited	3.01	1.12	1.89
Mcmillan Shakespeare Limited	2.28	0.39	1.89
Perenti Limited	2.17	0.36	1.81

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
Seven Group Holdings Limited	0.00	1.54	-1.54
Flight Centre Travel Group Limited	0.00	1.31	-1.31
Charter Hall Long WALE REIT	0.00	1.16	-1.16
ARB Corporation Limited	0.00	1.04	-1.04
AUB Group Limited	0.00	1.00	-1.00

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Perseus Mining Limited	3.03	1.39	1.65
Premier Investments Limited	3.01	1.12	1.89
National Storage REIT	2.74	1.29	1.45
Eagers Automotive Limited	2.55	0.98	1.57
Super Retail Group Limited	2.51	0.86	1.65
Helia Group Limited	2.31	0.37	1.94
Mcmillan Shakespeare Limited	2.28	0.39	1.89
New Hope Corporation Limited	2.28	1.28	0.99
NRW Holdings Limited	2.26	0.46	1.80
Waypoint REIT Ltd.	2.21	0.74	1.46

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

Australian equities eked out a small positive return in March, led by Gold stocks. The RBA raised its overnight cash rate target by 25 basis points to 3.6%, the tenth consecutive meeting with a rate rise announcement. Some bank failures in the US forced the Federal Reserve to introduce additional liquidity measures to support confidence and minimise the risk of contagion. Real Estate was the worst-performing sector as US banking issues and tight credit amplified existing concerns regarding Commercial Real Estate (CRE). Value outperformed Growth, largely due to strong returns for Resources, while Quality outperformed both as investors sought out lower risk equities in response to US banking concerns.

In March, Momentum and Value had no significant impact on performance, whereas Quality had a positive contribution to active returns over the month. Stock specific effects, which are not attributable to any other factor, had a negative impact on active returns.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was positive over the month. Here, our underweight in the Financials sector had a positive impact on returns.

Contributors to performance

Over March, the Australian multi-factor model posted positive results with all factors contributing. Momentum performed the best with Price Momentum leading over Earnings Momentum, followed by Quality and then Value.

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 Life360 Inc. due to an increase in Value and Quality scores and TerraCom Ltd. based on its positive Quality score. On the other hand, we reduced our position in Eclipx Group Ltd. due to its negative Momentum score and Monadelphous Group because of negative Value and Momentum scores.

The ex-ante tracking error of the fund was at 4.01 at month-end. Attributing by sources of active risk, the majority, 94% 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%. The portfolio beta with respect to S&P/ASX Small Ordinaries was estimated 1.0 at month-end.

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Notes

¹The 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

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