

# Invesco Wholesale Australian Smaller Companies Fund - Class A

## Monthly Factsheet

30 June 2023

<b>Fund Managers - Invesco Australian Equities Team<sup>1</sup></b>
<b>André Roberts</b> Senior Portfolio Manager
<b>Neil Lahy</b> Senior Portfolio Manager
<b>Ritchard Longmire</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 smaller companies listed on the Australian sharemarket, 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> CNAO812AU

### Performance analysis (periods to 30 June 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	1.13	0.03	1.10
3 months	-2.41	-0.54	-1.87
6 months	-1.48	1.32	-2.80
1 year	10.87	8.45	2.42
2 years p.a.	-3.32	-6.58	3.26
3 years p.a.	7.54	5.16	2.38
5 years p.a.	3.47	2.25	1.22
7 years p.a.	6.44	5.83	0.61
10 years p.a.	5.76	6.81	-1.05
Calendar year to date	-1.48	1.32	-2.80
Financial year to date	10.87	8.45	2.42
Since inception p.a.	10.21	5.53	4.68

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	-2.41	-2.41
6 months	1.27	-2.75	-1.48
1 year	18.53	-7.66	10.87
2 years p.a.	14.29	-17.61	-3.32
3 years p.a.	12.26	-4.72	7.54
5 years p.a.	10.20	-6.73	3.47
7 years p.a.	8.03	-1.59	6.44
10 years p.a.	7.16	-1.40	5.76

Net risk profile		
Periods	Tracking error %	Information Ratio
1 year	3.94	0.61
2 years p.a.	3.95	0.83
3 years p.a.	3.76	0.63
5 years p.a.	3.92	0.31
7 years p.a.	4.31	0.14
10 years p.a.	4.75	-0.22
Since inception p.a.	6.31	0.74

Assets under management	
	A\$m
Fund AUM:	14.75
Strategy AUM:	14.75

**Fund analysis (as at 30 June 2023)**

<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	60.43	73.76	-13.33
201-300	35.48	26.24	9.24
301-500	0.00	0.00	0.00
500+	2.54	0.00	2.54
Cash [net of payables]	1.54	0.00	1.54

  

<b>Sector allocation</b>			
<b>Sector</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Communication Services	3.72	4.98	-1.26
Consumer Discretionary	17.19	15.75	1.44
Consumer Staples	4.27	4.35	-0.09
Energy	6.63	5.78	0.85
Financials Ex Lpt	10.21	9.73	0.48
Health Care	5.46	7.71	-2.25
Industrials	9.56	8.02	1.54
Information Technology	3.14	5.21	-2.07
Materials Ex Metals and Mining	5.48	4.20	1.27
Metals and Mining	21.22	21.34	-0.12
Other	2.43	0.00	2.43
Real Estate	9.15	12.91	-3.77
Cash [net of payables]	1.54	0.00	1.54

  

<b>Five largest overweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Mcmillan Shakespeare Limited	2.57	0.50	2.07
NRW Holdings Limited	2.56	0.49	2.06
Helia Group Limited	2.49	0.44	2.05
Unibail-Rodamco-Westfield SE	2.30	0.28	2.03
Super Retail Group Limited	2.73	0.80	1.93

  

<b>Five largest underweight positions</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Flight Centre Travel Group Limited	0.00	1.41	-1.41
Charter Hall Long WALE REIT	0.00	1.13	-1.13
Corporate Travel Management Limited	0.00	1.00	-1.00
ARB Corporation Limited	0.00	0.96	-0.96
Beach Energy Limited	0.00	0.94	-0.94

  

<b>10 largest holdings</b>			
<b>Security</b>	<b>Fund %</b>	<b>Benchmark %</b>	<b>Active weight %</b>
Super Retail Group Limited	2.73	0.80	1.93
Premier Investments Limited	2.65	0.88	1.76
Eagers Automotive Limited	2.63	1.00	1.63
National Storage REIT	2.59	1.25	1.33
Mcmillan Shakespeare Limited	2.57	0.50	2.07
NRW Holdings Limited	2.56	0.49	2.06
Helia Group Limited	2.49	0.44	2.05
Waypoint REIT Ltd.	2.37	0.76	1.61
Perseus Mining Limited	2.33	0.98	1.35
Graincorp Limited Class A	2.32	0.76	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**

During the month of June, Australian stocks experienced overall gains. Materials stocks led the way with a 4.8% increase, benefiting from stronger commodity prices and a weaker US Dollar. IT stocks also performed well, rising 3.5% due to a rally in the Nasdaq index and growing interest in artificial intelligence applications that carried over into Australian equities. Stocks performed particularly well in the last week of the month. This was supported by the Consumer Price Index (CPI) data, which came in lower than expected at 5.6% compared to the anticipated 6.1%. Smaller capitalised companies tended to lag their larger cap counterparts in the month.

In June, Momentum contributed slightly, and Value had a significantly positive impact on performance, whereas Quality contribution was flat over the month. Stock specific effects, which are not attributable to any proprietary factor, had a positive impact as well.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was positive over the month. Here, our marginal overweights in the Energy and Materials sectors both contributed positively to active returns.

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**Contributors to performance**

Over June, the Australian multi-factor model moved back into positive territory, with Quality and Value posting strong results. Momentum had a good start to the month but declined in the last few trading days to end the month flat. Value was the strongest factor in the model with all underlying signals contributing positively.

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

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**Risk management**

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 Ventia Services Group Ltd. based on its positive Momentum score and Kogan Technologies due to an overall attractive factor profile. On the other hand, we reduced our position in Nickel Mines Ltd. due to a decrease of its Momentum score and New Hope Corp. due to an unattractive total factor profile, negative Momentum and Value scores.

The ex-ante tracking error of the fund was at 3.95% at month-end. Attributing by sources of active risk, the majority, 91% 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 2% to active risk. Industry risk contribution, a by-product of stock selection, represented additional 7%. 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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