

Invesco Wholesale Australian Smaller Companies Fund - Class A

Monthly Factsheet

31 July 2023

Fund Managers - Invesco Australian Equities Team¹
André Roberts Senior Portfolio Manager
Neil Lahy Senior Portfolio Manager
Ritchard Longmire Senior Portfolio Manager
Nicole Schnuderl Senior Portfolio Manager
CJ Tsai Portfolio Manager
Fund facts at a glance
Asset class Australian equities
Objective² 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
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 July 2023)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	4.50	3.54	0.96
3 months	-0.25	0.20	-0.45
6 months	-3.24	-1.54	-1.70
1 year	3.43	0.77	2.66
2 years p.a.	-1.98	-5.26	3.28
3 years p.a.	8.41	5.89	2.52
5 years p.a.	4.90	3.18	1.72
7 years p.a.	5.80	5.11	0.69
10 years p.a.	5.30	6.18	-0.88
Calendar year to date	2.95	4.91	-1.96
Financial year to date	4.50	3.54	0.96
Since inception p.a.	10.32	5.62	4.70

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	1.75	-2.00	-0.25
6 months	1.70	-4.94	-3.24
1 year	3.12	0.31	3.43
2 years p.a.	10.75	-12.73	-1.98
3 years p.a.	12.19	-3.78	8.41
5 years p.a.	10.20	-5.30	4.90
7 years p.a.	8.04	-2.24	5.80
10 years p.a.	7.04	-1.74	5.30

Net risk profile		
Periods	Tracking error %	Information Ratio
1 year	4.00	0.67
2 years p.a.	3.95	0.83
3 years p.a.	3.78	0.67
5 years p.a.	3.87	0.44
7 years p.a.	4.33	0.16
10 years p.a.	4.76	-0.19
Since inception p.a.	6.31	0.74

Assets under management	
	A\$m
Fund AUM:	18.33
Strategy AUM:	18.33

Fund analysis (as at 31 July 2023)

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	0.00	0.00	0.00
101-200	59.84	74.61	-14.77
201-300	35.19	25.39	9.80
301-500	0.00	0.00	0.00
500+	5.02	0.00	5.02
Cash [net of payables]	-0.06	0.00	-0.06

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	3.24	5.01	-1.78
Consumer Discretionary	17.55	16.68	0.87
Consumer Staples	3.58	3.94	-0.36
Energy	6.73	5.96	0.77
Financials Ex Lpt	9.78	9.96	-0.18
Health Care	5.60	7.58	-1.98
Industrials	9.65	7.98	1.67
Information Technology	3.93	5.50	-1.58
Materials Ex Metals and Mining	5.42	4.28	1.14
Metals and Mining	20.69	20.21	0.48
Other	5.02	0.00	5.02
Real Estate	8.87	12.89	-4.02
Cash [net of payables]	-0.06	0.00	-0.06

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Mcmillan Shakespeare Limited	2.53	0.53	2.00
Helia Group Limited	2.45	0.48	1.98
NRW Holdings Limited	2.45	0.52	1.92
Super Retail Group Limited	2.62	0.84	1.79
Premier Investments Limited	2.65	0.94	1.71

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Flight Centre Travel Group Limited	0.00	1.69	-1.69
Corporate Travel Management Limited	0.00	1.14	-1.14
Charter Hall Long WALE REIT	0.00	1.13	-1.13
Beach Energy Limited	0.05	1.09	-1.04
ARB Corporation Limited	0.00	1.02	-1.02

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
Premier Investments Limited	2.65	0.94	1.71
Super Retail Group Limited	2.62	0.84	1.79
Mcmillan Shakespeare Limited	2.53	0.53	2.00
Helia Group Limited	2.45	0.48	1.98
NRW Holdings Limited	2.45	0.52	1.92
National Storage REIT	2.34	1.21	1.13
Webjet Limited	2.32	1.28	1.04
Perseus Mining Limited	2.25	1.01	1.24
Waypoint REIT Ltd.	2.24	0.75	1.49
Graincorp Limited Class A	2.20	0.77	1.43

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 were broadly positive in July, benefiting from the pause in RBA rate hikes. Led by Energy and Financials, most sectors bounced off their lows for the month, with the exception of staples and health care. The gap between earnings and dividend yields vs. AU 10Y has continued to narrow, while dividend yields are now at parity with bond yields. Valuations are above average, while earnings momentum is still lagging.

In July, Momentum detracted slightly, while Value and Quality had a significantly positive impact on performance 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 slightly negative over the month. Here, our overweight in the Consumer Staples sector had a positive impact, while an overweight in the Materials sector contributed negatively to active returns.

Contributors to performance

Over July, the Australian multi-factor model posted moderately positive results, with Quality and Value ending the month in positive territory. Momentum had a weak start to the month but was able to manage a flat performance to end the month. Among the factors, Value was the strongest in the model, while Quality was close behind.

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

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 Webjet Ltd. based on its positive Momentum score and Sandfire Resource due to an overall attractive factor profile. On the other hand, we reduced our position in Nick Scali Ltd. and Deterra Royalties due to their negative Momentum factor scores.

The ex-ante tracking error of the fund was at 3.53% at month-end. Attributing by sources of active risk, the majority, 90% 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 3% 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.

Contact

Tel: 1800 813 500
Email: clientservices.au@invesco.com
Website: www.invesco.com/au

Notes

- ¹ 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.
 - ² 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, or by writing to GPO Box 231, Melbourne, Victoria, 3001. You can also visit our website at 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.