

Performance analysis (periods to 31 July 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	12.01	11.43	0.58
3 months	-10.13	-9.94	-0.19
6 months	-4.60	-6.63	2.03
1 year	-7.11	-10.93	3.82
2 years p.a.	10.99	8.55	2.44
3 years p.a.	4.81	2.55	2.26
5 years p.a.	8.44	7.30	1.14
10 years p.a.	6.37	6.53	-0.16
Calendar year to date	-13.67	-15.03	1.36
Financial year to date	12.01	11.43	0.58
Since inception p.a.	10.53	5.77	4.76

Fund Managers



IQS Australian Equities team members (as pictured)¹:

- **CJ Tsai**
Portfolio Manager
- **Neil Lahy**
Senior Portfolio Manager
- **Ritchard Longmire**
Senior Portfolio Manager
- **Andre Roberts**
Senior Portfolio Manager
- **Nicole Schnuderl**
Senior Portfolio Manager

Net distribution growth splits

Periods	Distribution %	Growth %	Total %
3 months	14.04	-24.17	-10.13
6 months	14.91	-19.51	-4.60
1 year	16.96	-24.07	-7.11
2 years p.a.	16.76	-5.77	10.99
3 years p.a.	11.97	-7.16	4.81
5 years p.a.	10.54	-2.10	8.44
10 years p.a.	7.15	-0.78	6.37

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	4.05	0.94
2 years p.a.	3.75	0.65
3 years p.a.	3.73	0.61
5 years p.a.	3.96	0.29
10 years p.a.	5.06	-0.03
Since inception p.a.	6.37	0.75

Fund Facts at a glance
Asset class

Australian equities

Management style

Style neutral, quantitative

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

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 date¹

31/3/88

Minimum investment

\$20,000

MER/ICR

0.55%

Buy/Sell Spread

0.20%/0.20%

APIR code

CNA0812AU

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.

Fund analysis (as at 31 July 2022)
Assets under management

	A\$ ^m
Fund AUM:	12.88
Strategy AUM:	12.88

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	61.13	72.98	-11.85
201-300	35.10	27.02	8.08
301-500	0.00	0.00	0.00
500+	2.66	0.00	2.66
Cash [net of payables]	1.11	0.00	1.11

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	1.85	5.19	-3.34
Consumer Discretionary	14.65	13.10	1.55
Consumer Staples	3.96	5.02	-1.07
Energy	5.65	4.94	0.71
Financials Ex Lpt	10.66	11.88	-1.22
Health Care	7.09	6.03	1.06
Industrials	7.38	7.24	0.14
Information Technology	10.43	9.13	1.30
Materials Ex Metals and Mining	2.63	4.01	-1.38
Metals and Mining	19.11	18.27	0.84
Real Estate	12.83	15.19	-2.37
[Other]	2.66	0.00	2.66
Cash [net of payables]	1.11	0.00	1.11

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Eclix Group Ltd.	2.28	0.32	1.96
Mcmillan Shakespeare Limited	2.31	0.38	1.93
Genworth Mortgage Insurance Australia Ltd	2.42	0.48	1.93
Viva Energy Group Ltd.	2.73	0.82	1.90
Eagers Automotive Limited	2.83	0.93	1.90

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
NIB Holdings Ltd	0.07	1.44	-1.37
Beach Energy Limited	0.00	1.25	-1.25
Seven Group Holdings Limited	0.00	1.19	-1.19
Flight Centre Travel Group Limited	0.00	1.15	-1.15
TPG Telecom Limited	0.00	1.02	-1.02



10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Technology One Limited	3.26	1.41	1.85
Eagers Automotive Limited	2.83	0.93	1.90
Healius Limited	2.76	0.97	1.79
Graincorp Limited Class A	2.74	0.84	1.89
Premier Investments Limited	2.73	0.91	1.82
Viva Energy Group Ltd.	2.73	0.82	1.90
Perseus Mining Limited	2.67	0.95	1.71
Genworth Mortgage Insurance Australia Ltd	2.42	0.48	1.93
Mcmillan Shakespeare Limited	2.31	0.38	1.93
Eclipx Group Ltd.	2.28	0.32	1.96

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

Market review

Australian equities rallied in July, driven by a surge in growth stocks that had heavily de-rated this year amid inflationary pressures and subsequent interest rate increases. Inflationary pressures worsened over the past quarter - the Australian CPI further increased from 5.1% year-on-year in March 2022 to 6.1% year-on-year in June 2022. The Australian share market registered a 5.74% gain over the month of July, however over a 1-year period the index remains negative with a -6.05% loss. Information Technology was the strongest performing sector for the month, closing up 15.23%, and Materials was the only sector to close July in the red, down -0.67%.

In this environment, the portfolio performed 12.07% on a gross basis relative to a benchmark return of 11.43%.

The contribution from our multi-factor model was negative in July. Momentum and Value weighted negatively on the performance while stock specific returns, which are not attributable to any other factor, and Quality had a positive impact on performance.

The impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly negative. Here our overweight in the Health Care and Information Technology sectors had a positive impact on performance, but our overweight in the Materials sector had a negative impact on performance.

Contributors to performance

Over July, our Australian multi-factor model posted negative results with Momentum turning into negative territory while Quality and Value posted flat results. Within Value, our preference for defensive value measures was not rewarded. Momentum ended in flat territory with earnings momentum outperforming price momentum. Defensive segments of the market such as Quality, low risk and low beta stocks were negative with returns for low risk & low beta underperforming as the market rebounded.

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 outperformed.

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 Nufarm Ltd based on its positive Momentum score. On the other hand, we sold some of our Johns Lyng Group position as a result of its negative score in Value.

The ex-ante tracking error of the fund was at 3.74% (ex post indicative range 2-3%) at month-end. At 94%, 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 2% to active risk. Industry risk contribution, a by-product of stock selection, represented an additional 3%. Within a product specific range, the portfolio beta was 1.0 at month-end.



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Important Information

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