

Performance analysis (periods to 30 November 2021)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	2.56	-0.31	2.87
3 months	0.75	-1.54	2.29
6 months	8.29	7.27	1.02
1 year	23.15	18.44	4.71
2 years p.a.	13.96	12.04	1.92
3 years p.a.	15.00	13.54	1.46
5 years p.a.	10.94	11.65	-0.71
10 years p.a.	7.87	7.35	0.52
Calendar year to date	19.64	15.27	4.37
Financial year to date	6.28	4.07	2.21
Since inception p.a.	11.14	6.36	4.78

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	0.00	0.75	0.75
6 months	10.83	-2.54	8.29
1 year	14.55	8.60	23.15
2 years p.a.	8.88	5.08	13.96
3 years p.a.	10.21	4.79	15.00
5 years p.a.	6.90	4.04	10.94
10 years p.a.	5.54	2.33	7.87

Net risk profile

Periods	Tracking error %	Information Ratio
1 year	4.02	1.17
2 years p.a.	3.81	0.51
3 years p.a.	4.18	0.35
5 years p.a.	4.45	-0.16
10 years p.a.	5.30	0.10
Since inception p.a.	6.42	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

0.25%/0.25%

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 30 November 2021)

Assets under management

	A\$M
Fund AUM:	17.56
Strategy AUM:	17.56

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	2.07	0.00	2.07
101-200	63.40	69.71	-6.31
201-300	31.25	30.29	0.96
301-500	0.00	0.00	0.00
500+	3.09	0.00	3.09
Cash [net of payables]	0.19	0.00	0.19

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	3.77	5.34	-1.57
Consumer Discretionary	16.54	15.01	1.53
Consumer Staples	3.69	4.51	-0.82
Energy	6.10	4.19	1.91
Financials Ex Lpt	10.17	12.33	-2.16
Health Care	8.46	6.74	1.72
Industrials	6.00	7.36	-1.36
Information Technology	10.21	9.82	0.39
Materials Ex Metals and Mining	1.47	3.48	-2.01
Metals and Mining	18.39	17.52	0.87
Real Estate	11.92	13.71	-1.79
[Other]	3.09	0.00	3.09
Cash [net of payables]	0.19	0.00	0.19

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Pilbara Minerals Limited	2.07	0.00	2.07
ARB Corporation Limited	3.39	1.43	1.95
Nick Scali Limited	2.24	0.37	1.86
Graincorp Limited Class A	2.40	0.55	1.85
Premier Investments Limited	2.92	1.09	1.83

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
Seven Group Holdings Limited	0.00	1.18	-1.18
Breville Group Limited	0.00	1.02	-1.02
NIB Holdings Ltd	0.12	1.13	-1.01
Flight Centre Travel Group Limited	0.00	0.97	-0.97
Chorus Limited	0.10	1.01	-0.91

10 largest holdings

Security	Fund %	Benchmark %	Active weight %
ARB Corporation Limited	3.39	1.43	1.95
Orocobre Limited	2.98	2.14	0.83
Premier Investments Limited	2.92	1.09	1.83
Sandfire Resources Limited	2.66	0.87	1.79
Healius Limited	2.60	0.90	1.70
Eagers Automotive Limited	2.52	0.85	1.67
Technology One Limited	2.41	1.21	1.20
Graincorp Limited Class A	2.40	0.55	1.85
Nick Scali Limited	2.24	0.37	1.86
Super Retail Group Limited	2.13	0.71	1.42

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

The Australian equity market saw a continuation of the negative trend that entrenched in September. Even though the markets had an optimistic start into November, the overall performance over the month was negative as the uncertainties about higher inflation, the central bank's response to it and the development of the pandemic persisted. Meanwhile, continued concerns over rising inflation sent the markets further into a downturn with high growth stocks being amongst the ones most affected. The biggest hit that the Australian equities had to take in November came, however, from the news of a new COVID variant 'Omicron'. On the bright side, the markets saw some support from positive earnings announcements, increased business activity and a moderate decrease in unemployment.

In this environment, the portfolio performed 2.60% on a gross basis relative to a benchmark return of -0.31%.

Our multi-factor model added to relative performance in November. While Momentum and Quality added to active performance, Value slightly detracted from performance. The impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly negative. Here, negative contributions from an overweight in Energy titles was the largest detractor from relative return. Finally, other factors did not have any significant impact on performance.

Contributors to performance

The predictive ability of our multi-factor model was positive in November with Momentum and Quality revealing positive predictive power. Value, on the other hand, showed a mixed picture. After a muted start into the month for Quality and Momentum, both factors were able to gain traction towards the end of the month posting strong gains in the last week of November. Value showed the opposite development starting positively, before losing ground toward the end of the month. On a signal level, the majority revealed negative predictive ability. In the Value bucket our Total Shareholder Yield signal revealed positive predictive power while other metrics, such as Cash Flow Yield or Earnings Yield, were negative over the month.

Overall, our highest rated stocks performed in line with our broader Australian universe, while our lowest rated stocks significantly underperformed the universe.

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 Graincorp based on its positive score in all three factors. On the other hand, we reduced our position in Pro Medicus as a result of its unattractive valuation.

The ex-ante tracking error of the fund was at 3.79% (ex post indicative range 2-3%) at month-end. At 96%, 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 1% 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.



Contact

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

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) 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.