

Invesco Wholesale Australian Smaller Companies Fund - Class A

Monthly Factsheet

31 August 2022

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 August 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	1.84	0.58	1.26
3 months	-0.58	-2.59	2.01
6 months	-3.42	-6.08	2.66
1 year	-8.83	-14.66	5.83
2 years p.a.	8.48	5.13	3.35
3 years p.a.	6.61	4.10	2.51
5 years p.a.	8.46	6.85	1.61
10 years p.a.	6.26	6.29	-0.03
Calendar year to date	-12.08	-14.53	2.45
Financial year to date	14.08	12.08	2.00
Since inception p.a.	10.56	5.77	4.79

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	15.54	-16.12	-0.58
6 months	15.09	-18.51	-3.42
1 year	16.65	-25.48	-8.83
2 years p.a.	16.38	-7.90	8.48
3 years p.a.	12.18	-5.57	6.61
5 years p.a.	10.54	-2.08	8.46
10 years p.a.	7.14	-0.88	6.26

Net risk profile			
Periods	Tracking error %	Information Ratio	
1 year	3.74	1.56	
2 years p.a.	3.78	0.89	
3 years p.a.	3.77	0.67	
5 years p.a.	3.97	0.41	
10 years p.a.	5.08	0.00	
Since inception p.a.	6.36	0.75	

Fund analysis (as at 31 August 2022)

Assets under management		A\$m
Fund AUM:		12.92
Strategy AUM:		12.92

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	60.46	72.78	-12.32
201-300	38.47	27.22	11.25
301-500	0.00	0.00	0.00
500+	0.00	0.00	0.00
Cash [net of payables]	1.08	0.00	1.08

Sector allocation			
Sector	Fund %	Benchmark %	Active weight %
Communication Services	1.75	5.06	-3.31
Consumer Discretionary	16.07	13.28	2.79
Consumer Staples	4.17	5.01	-0.84
Energy	6.46	5.24	1.22
Financials Ex Lpt	10.14	11.94	-1.81
Health Care	6.09	5.82	0.27
Industrials	8.30	7.48	0.82
Information Technology	10.17	8.66	1.51
Materials Ex Metals and Mining	2.90	3.91	-1.01
Metals and Mining	21.41	19.20	2.21
Real Estate	11.48	14.40	-2.92
Cash [net of payables]	1.08	0.00	1.08

Five largest overweight positions			
Security	Fund %	Benchmark %	Active weight %
Mcmillan Shakespeare Limited	2.63	0.44	2.19
Viva Energy Group Ltd.	3.07	0.92	2.15
Graincorp Limited Class A	2.90	0.83	2.08
Nick Scali Limited	2.39	0.33	2.06
Eagers Automotive Limited	3.03	0.99	2.04

Five largest underweight positions			
Security	Fund %	Benchmark %	Active weight %
Seven Group Holdings Limited	0.00	1.25	-1.25
Beach Energy Limited	0.00	1.18	-1.18
Flight Centre Travel Group Limited	0.02	1.19	-1.17
Corporate Travel Management Limited	0.00	1.02	-1.02
Insignia Financial Ltd	0.00	0.98	-0.98

10 largest holdings			
Security	Fund %	Benchmark %	Active weight %
Technology One Limited	3.38	1.42	1.95
Viva Energy Group Ltd.	3.07	0.92	2.15
Eagers Automotive Limited	3.03	0.99	2.04
Graincorp Limited Class A	2.90	0.83	2.08
Premier Investments Limited	2.82	0.92	1.90
Mcmillan Shakespeare Limited	2.63	0.44	2.19
Lovisa Holdings Ltd.	2.58	0.58	2.00
Perseus Mining Limited	2.53	0.89	1.65
Genworth Mortgage Insurance Australia Ltd	2.43	0.49	1.95
Nick Scali Limited	2.39	0.33	2.06

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 gained slightly over August, mainly driven by strong gains in the Energy sector. The Materials and Telco sectors showed a positive performance over the last month, while the Real Estate and Consumer Staples sectors lagged the most. During the month the RBA (Reserve Bank of Australia) increased its cash rate by 50bps to 1.85% due to further increasing inflation. Data wise, Australian wage price data surprised to the downside, with the price index rising in the second quarter.

In this environment, the portfolio performed 1.89% gross relative to a benchmark return of 0.58%.

Contribution from our multi-factor model was positive in August. Momentum and Quality weighted positively on the performance. Value had a negative impact on performance. Meanwhile Stock specific returns, which are not attributable to any other factor, had the largest positive effect on active performance over the period.

Impact from active sector weights, which are a by-product of the multi-factor optimisation process, was slightly positive. Hereby our overweight in the Materials sector and underweight in the Financials sector had a positive impact on performance. Meanwhile the overweight in the Consumer Discretionary sector weighted negatively on active performance.

Contributors to performance

Over August, our Australian multi-factor model posted positive results with Momentum turning into positive territory while Quality and Value posted moderately negative results. Within Value, our preference for defensive value measures was not rewarded. Momentum ended in positive territory with Price Momentum outperforming Earnings Momentum. Defensive segments of the market such as Quality, low risk and low beta stocks rebounded after a weak beginning of the month, with low risk and low beta overperforming the broader market. Quality posted moderately negative returns underperforming the market.

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 NIB Holdings Limited based on its positive Momentum and Quality factor score. On the other hand, we sold some of our Healius Limited position as a result of its negative Alpha and Momentum score.

The ex-ante tracking error of the fund was at 4.01% (ex post indicative range 2-3%) at month-end. At 91%, 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 additional 4%. Within a product specific range, the portfolio beta was 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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