

Invesco Wholesale Global Targeted Returns Fund – Class A

Monthly Factsheet

31 October 2022

Fund Managers
Richard Batty Fund Manager
Gwylim Satchell Fund Manager
Sebastian Mackay Fund Manager
Georgina Taylor Fund Manager
Fund facts at a glance
Asset class Liquid alternatives, multi asset
Objective² To achieve a positive total return in all market conditions, targeting a gross return of cash +5% p.a. with less than half the volatility of global equities over rolling three-year periods
Management style A fundamental, unconstrained, high conviction approach focused on leveraging a diversified, value-adding set of investment ideas into a single risk-managed portfolio
Benchmark Bloomberg AusBond Bank Bill Index ³ (Australian pooled Fund) Euribor 3M (underlying Luxembourg strategy)
Risk profile High
Time horizon 3-5 years
Distribution frequency Annually, as at 30 June
Inception date 28/2/15
Minimum investment \$20,000
MER/ICR 0.55%
Buy/Sell Spread 0.30%/0.30%
APIR code GTU0109AU
Performance fee (p.a.)⁴ 10% above hurdle ⁵

Fund performance analysis (periods to 31 October 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	3.11	0.24	2.87
3 months	4.78	0.54	4.24
6 months	3.96	0.75	3.21
1 year	0.11	0.76	-0.65
2 years p.a.	-0.29	0.39	-0.68
3 years p.a.	-0.60	0.43	-1.03
5 years p.a.	-0.34	0.97	-1.31
7 years p.a.	0.86	1.25	-0.39
Calendar year to date	-1.81	0.75	-2.56
Financial year to date	6.56	0.67	5.89
Since inception p.a.	1.00	1.33	-0.33

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.

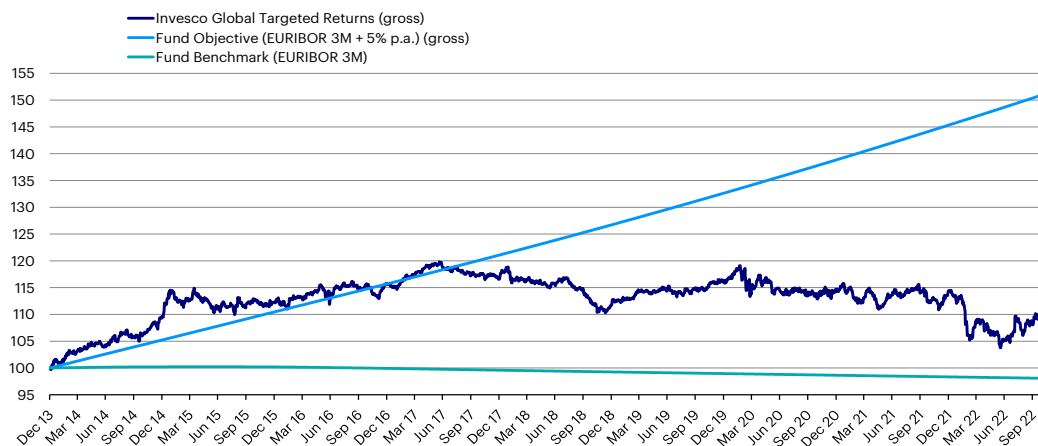
Underlying Luxembourg Strategy performance analysis in EUR (periods to 31 October 2022)

In the table below we show the performance history (gross of fees) of the underlying Invesco True Balance Strategy.

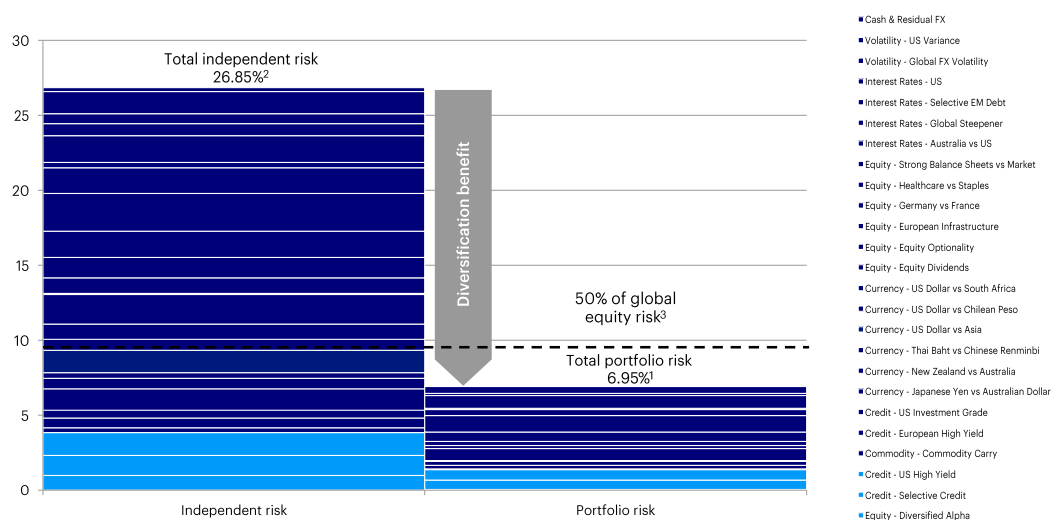
Gross performance			
Periods	Strategy %	Benchmark %	Value added %
1 month	3.00	0.12	2.88
3 months	4.29	0.24	4.05
6 months	3.18	0.19	2.99
1 year	-0.78	-0.08	-0.70
2 years p.a.	-0.71	-0.31	-0.40
3 years p.a.	-1.00	-0.34	-0.66
5 years p.a.	-1.10	-0.34	-0.76
7 years p.a.	-0.18	-0.32	0.14
Calendar year to date	-2.74	0.02	-2.76
Financial year to date	5.94	0.24	5.70
Since inception p.a.	1.31	-0.23	1.54

Returns can go up and down. 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.

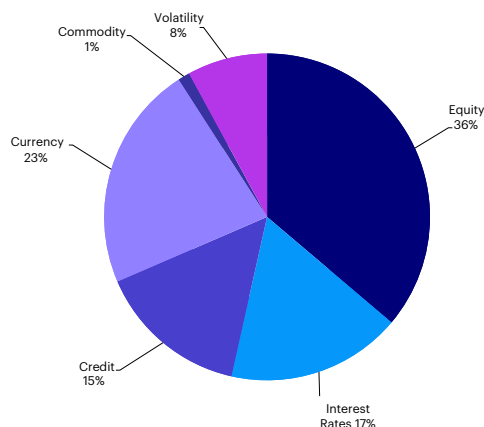
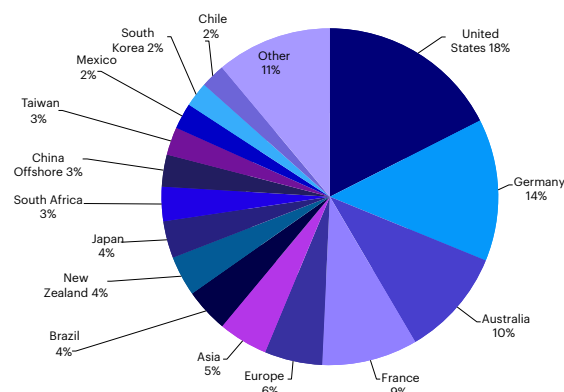
Cumulative performance of the GTR Strategy since inception¹ in EUR



The diagram below illustrates how portfolio risk is reduced by combining a diversified array of individual investment ideas within a single, risk managed portfolio.



Source: Invesco as at 31 October 2022. For illustrative purposes only. ¹Portfolio risk – the expected volatility of the fund as measured by the standard deviation of the current portfolio of ideas over the last three and a half years. ²Independent risk – the expected volatility of an individual idea as measured by its standard deviation over the last three and a half years. ³Global equity risk is the expected volatility of the MSCI World index as measured by its standard deviation over the last three and a half years, 19.00% as at 31 October 2022.

Portfolio statistics (as at 31 October 2022)
Contribution to total independent risk by asset (%)

Contribution to total independent risk by country (%)

Assets under management

	A\$m
Fund AUM:	137.21
Australian Sourced GTR AUM:	137.21
Strategy AUM:	4,937.32

In the table above, Australian sourced GTR AUM represents total investment by Australian clients into all GTR funds. The Strategy AUM includes the True Balance/Income/Plus Fund and other similar GTR Funds.

Market review

Global equities recovered strongly in October, with most developed markets registering gains. US and Europe led the pack, whilst equities in Asia were dragged lower by a sharp sell off in the Chinese market where property market woes continued to dominate sentiment. Elsewhere, Taiwan was also weak and ended the month lower, largely due to the underperformance of technology stocks.

It was a positive month for most bonds. The turmoil that followed September's mini-budget subsided as the UK government U-turned on many of their original fiscal plans. UK gilts recorded their best monthly performance since January 2020. Outside the UK, the primary focus remained on inflation and interest rates. With consumer prices in both the US and the eurozone showing little sign of abating and markets pricing in further rate hikes from the US Federal Reserve and the European Central Bank, US treasuries and German bunds saw their yields rise.

Meanwhile, in currency markets the dollar fell driven by expectation of a pivot by the Fed on expected rate hikes, as well as a relatively 'risk on' backdrop. Conversely, oil prices rose sharply over the month driven by news that OPEC+ would begin to cut production to shore up prices.

Contributors to performance

'Inflation - Short UK' has been the strongest performer, recovering a portion of the losses accrued over the course of the year. The appointment of new Prime Minister Rishi Sunak and his new more conservative fiscal policy were welcomed by markets, allowing investors to pare back some of the very elevated inflation expectations that had been priced in as a result of the "mini-budget" announcement from the Truss administration. This idea has now been removed from the portfolio.

'Currency - New Zealand vs Australia' also delivered positive results for the fund. Slowing demand out of China for Australian exports, declining commodity prices and the RBA's ongoing signalling to markets over its unwillingness (or inability) to hike rates at the same pace as the Fed or the ECB have exercised a negative pressure on the Australian dollar over the period. The recently introduced 'Equity - Equity Dividends' idea also contributed positively, largely benefitting from a recovery in risk appetite over the month.

US CPI saw a mild surprise to the upside in September at 8.2% compared to consensus of 8.1%, with European inflation also coming in hotter than expected. This contributed to bond yields moving higher. Our 'Interest Rates - US long term' idea detracted as a result. After a strong period of positive performance, our 'Volatility - FX Volatility' idea pared back some of the gains in October. 'Equity - European Infrastructure' also came under pressure over the month due to ongoing energy crisis in Europe and tensions between Russian and the West.

Summary of investment ideas

There were three ideas removed over the month:

- Equity - US
- Inflation - Short UK
- Volatility - European Variance

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Notes

¹ The underlying, Luxembourg-based Global Targeted Returns Strategy composite commenced on 31 December 2013.

² Invesco does not guarantee that the Fund will achieve its objective.

³ The Fund is managed on a benchmark-unaware basis.

⁴ Please refer to the PDF for further information

⁵ Performance Fee Hurdle is the Bloomberg Ausbond Bank Bill Index +1.5%p.a.

Important Information

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