

Performance analysis - hedged - Class A (periods to 31 July 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	9.83	6.98	2.85
3 months	1.31	-1.52	2.83
6 months	-8.16	-8.67	0.51
1 year	-5.55	-8.26	2.71
2 years p.a.	14.47	9.76	4.71
3 years p.a.	8.40	7.69	0.71
5 years p.a.	5.49	7.77	-2.28
10 years p.a.	10.69		
Calendar year to date	-12.63	-12.99	0.36
Financial year to date	9.83	6.98	2.85
Since inception p.a.	6.79		

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.

Benchmark history - hedged:

- From inception to 30/09/02 = MSCI World Index (net dividends reinvested) - unhedged in \$A
- From 01/10/02 = MSCI World ex Australia Index (net dividends reinvested) - hedged in A\$
- From 1/4/03 = MSCI World Index (net dividends reinvested) - hedged in A\$

Current from 5/5/16 = MSCI All Country World Net TR Index - hedged in A\$m

Performance analysis - unhedged Fund (periods to 31 July 2022)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	8.19	5.43	2.76
3 months	3.35	-0.11	3.46
6 months	-8.11	-9.33	1.22
1 year	-2.02	-5.71	3.69
2 years p.a.	15.82	10.69	5.13
3 years p.a.	9.84	8.08	1.76
5 years p.a.	8.55	10.81	-2.26
10 years p.a.	13.44		
Calendar year to date	-10.06	-11.03	0.97
Financial year to date	8.19	5.43	2.76
Since inception p.a.	4.84		

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.

Benchmark history - unhedged:

- From inception to 30/09/02 = MSCI World Index (gross dividends reinvested) - unhedged in \$A
- From 01/10/02 = MSCI World Index (net dividends reinvested) - unhedged in A\$
- Current from 5/5/16 = MSCI All Country World Net TR Index - unhedged in A\$

Note: The Funds strategy changed from a quantitative global equity strategy to a fundamental, high conviction global equity strategy, effective from 5th May 2016. Shaded areas in the tables above show the returns prior to the change in strategy.

Fund Managers



Andrew Hall
Fund Manager (Lead),
Global Opportunities team



Stephen Anness
Fund Manager,
Global Opportunities team

Fund facts at a glance
Asset class

Global equities

Management style

Fundamental, bottom-up approach driven by valuation.

Objective¹

To provide long-term capital growth through a portfolio of global equities.

Benchmark
Hedged - Class A

MSCI All Country World Net TR Index - hedged in A\$

Unhedged

MSCI All Country World Net TR Index - unhedged in A\$

Risk profile

Very high

Time horizon

7 years

Distribution frequency

Half-yearly

Fund inception date

Hedged - Class A: 31/8/94

Unhedged: 31/8/99

Strategy inception date

31/12/12

Minimum investment

\$20,000

MER/ICR

0.95% (both Funds)

Buy/Sell Spread

0.20%/0.20%

APIR code

Hedged - Class A: GTU0008AU

Unhedged: GTU0102AU

¹ Invesco does not guarantee that the Fund will achieve its objective.

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

	A\$m
Hedged Fund AUM	33.49
Unhedged Fund AUM:	70.77
Strategy AUM:	2,470.05

Region allocation

Country	Fund %	Benchmark %	Active weight %
Africa	0.00	0.39	-0.39
Asia Ex Japan	4.36	9.24	-4.88
Australia	0.00	1.91	-1.91
Europe - EMU	5.17	7.44	-2.27
Europe - Non-EMU	11.70	8.14	3.56
Japan	0.00	5.39	-5.39
Latin America	0.00	0.23	-0.23
North America	76.14	65.56	10.59
South America	0.00	0.67	-0.67
[Other]	0.00	1.04	-1.04
Cash [net of payables]	2.62	0.00	2.62

Sector allocation

Sector	Fund %	Benchmark %	Active weight %
Communication Services	6.92	7.54	-0.62
Consumer Discretionary	14.79	11.58	3.22
Consumer Staples	6.48	7.40	-0.92
Energy	1.25	4.96	-3.72
Financials	19.19	14.10	5.08
Health Care	7.03	12.46	-5.43
Industrials	13.71	9.58	4.13
Information Technology	28.02	21.87	6.14
Materials	0.00	4.60	-4.60
Real Estate	0.00	2.80	-2.80
Utilities	0.00	3.11	-3.11
Cash [net of payables]	2.62	0.00	2.62

Five largest overweight positions

Security	Fund %	Benchmark %	Active weight %
Danaher Corporation	4.56	0.33	4.23
Mastercard Incorporated Class A	3.80	0.52	3.28
Microsoft Corporation	6.20	3.36	2.83
Constellation Software Inc.	2.85	0.06	2.79
JPMorgan Chase and Co.	3.30	0.57	2.73

Five largest underweight positions

Security	Fund %	Benchmark %	Active weight %
Apple Inc.	1.81	4.46	-2.65
Tesla Inc	0.00	1.32	-1.32
Alphabet Inc. Class A	0.00	1.18	-1.18
UnitedHealth Group Incorporated	0.00	0.86	-0.86
Johnson and Johnson	0.00	0.77	-0.77



10 largest holdings

Security	Fund %	Benchmark %	Active weight %
Microsoft Corporation	6.20	3.36	2.83
Danaher Corporation	4.56	0.33	4.23
Amazon.com, Inc.	4.14	2.08	2.06
Mastercard Incorporated Class A	3.80	0.52	3.28
JPMorgan Chase and Co.	3.30	0.57	2.73
Constellation Software Inc.	2.85	0.06	2.79
L'Oreal S.A.	2.75	0.15	2.60
Progressive Corporation	2.69	0.11	2.58
Copart, Inc.	2.63	0.05	2.59
Alphabet Inc. Class C	2.56	1.11	1.44

Market capitalisation allocation

Ranges	Fund %	Benchmark %	Active weight %
\$100M - \$250M	0.00	0.00	0.00
\$500M - \$1B	0.00	0.01	-0.01
\$1B - \$2B	0.74	0.29	0.44
\$2B - \$5B	1.69	2.07	-0.38
\$5B-\$10B	2.26	4.18	-1.92
\$10B - \$25B	6.51	12.02	-5.52
\$25B - 50B	12.05	13.83	-1.79
\$50B - 100B	13.09	16.38	-3.29
> \$100B	61.05	51.21	9.83
Cash [net of payables]	2.62	0.00	2.62

The data in the fund analysis tables above (not including the AUM table) is based on the underlying portfolio, i.e. the unhedged fund (Fund), into which the hedged fund directly invests.

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

Global equity markets rose in July, with weakening economic activity data raising hopes that the pace of future rate increases will slow down in light of growing recession fears, and an upbeat start to the earnings season lifted investor confidence. In the US, recession fears grew as its GDP contracted for the second consecutive quarter (-0.9%), entering a 'technical' recession. Nonetheless, the US Federal Reserve hiked their federal funds rate by 75 basis points in order to continue their battle against inflation which remained at a 40-year high. The US equity market closed higher, as some early upbeat earnings reports from companies outweighed economic slowdown worries.

It was a similar story in the Eurozone, although Q2 GDP came in stronger than consensus estimates at 0.7%. The ECB raised interest rates by 0.5%, the first time in more than a decade in an attempt to weaken inflationary pressures, ending eight years of negative rates and raising their deposit rate to zero. Meanwhile, Asian equity markets ended the month marginally higher, as underperformance in China and Hong Kong offset gains made elsewhere, with India the key outperformer. Overall, emerging market equities fell in value over the month, significantly underperforming developed markets.

Contributors to performance

The Global Opportunities fund outperformed its benchmark on both a hedged and unhedged basis over the month.

From a geographic perspective, our US stocks led relative gains, led by Amazon whose share price rose following strong 2Q earnings results and an upbeat forecast, producing its biggest one-month percentage gain since 2015. The electrical components manufacturer, Amphenol, and life science and diagnostics manufacturer Danaher similarly rallied after positive results and outlook. The fund's UK stocks also demonstrated strength, as Berkeley Group, the residential and commercial property development company, and 3i, the private equity firm, both rose on the back of better-than-expected results. Meanwhile, Asia Pacific ex Japan disappointed, as names such as Tencent came under pressure on fresh uncertainties regarding their US listing status.

Sector-wise, our overweight in information technology was a positive, as was stock selection, led by the aforementioned Amphenol. Some favourable stock performances from the likes of Amazon and Installed Building Products in the consumer discretionary sector also buoyed relative gains. On the flip side, Tencent held back performance in the communication services sector, as did TotalEnergies, the French integrated oils company, in the energy sector as oil prices corrected downwards.

Market outlook and portfolio strategy

Over the medium-term our outlook continues to be cautious in light of the events in Ukraine and rising interest rates, however, we have not made significant changes to the portfolio - it remains well balanced and diversified, focussed on a global selection of companies with strong cashflows and balance sheets earning high rates of return. Our bottom-up stock selection process places an emphasis on idiosyncratic rather macro factor risk.

Energy prices will likely stay high for the foreseeable future, food prices may well rise as we go through the year, although the new grain deal between Ukraine and Russia is cause for modest optimism. The squeeze on consumer disposable incomes globally will continue, especially in Europe as rising defence spending may have to be funded through higher taxes, and gas supply is a real problem. In relative terms, the US and Canada may well do better than Europe in the medium term due to self-sufficiency in energy and a lower geopolitical risk premium.

While the portfolio is currently selling for a moderate premium to the market, we think the attributes of the businesses we own offer us a good chance of outperforming the wider market over the longer-term. We believe the companies we own are likely to be able to sustainably re-invest cash flows at attractive rates of return. In the long-term, we expect the results of that re-investment to drive superior cash flow compounding.



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Important Information

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