

Fund performance analysis in AUD (periods to 31 July 2022)

Net performance

| Periods | Fund % | Benchmark % | Value added % |
|------------------------|--------|-------------|---------------|
| 1 month | 0.91 | 0.12 | 0.79 |
| 3 months | -4.10 | 0.21 | -4.31 |
| 6 months | -4.61 | 0.20 | -4.81 |
| 1 year | -2.24 | 0.22 | -2.46 |
| 2 years p.a. | 4.93 | 0.13 | 4.80 |
| 3 years p.a. | 1.68 | 0.33 | 1.35 |
| 5 years p.a. | 2.36 | 0.94 | 1.42 |
| 10 years p.a. | 3.33 | | |
| Calendar year to date | -4.23 | 0.21 | -4.44 |
| Financial year to date | 0.91 | 0.12 | 0.79 |
| Since inception p.a. | 5.26 | | |

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.

The Invesco Wholesale Senior Secured Income Fund changed its strategy on 14th August 2014. Previously, the Fund was a diversified defensive portfolio with a capital protection strategy. The current Fund strategy aims to provide a regular monthly income by investing in senior secured loan securities.

Senior Secured Loans Strategy performance analysis in USD (periods to 31 July 2022)

Gross performance

| Periods | Strategy % | Benchmark % | Value added % |
|------------------------|------------|-------------|---------------|
| 1 month | 1.51 | 1.87 | -0.36 |
| 3 months | -3.80 | -2.73 | -1.07 |
| 6 months | -4.14 | -3.01 | -1.13 |
| 1 year | -1.38 | -0.86 | -0.52 |
| 2 years p.a. | 5.85 | 4.24 | 1.61 |
| 3 years p.a. | 2.92 | 2.39 | 0.53 |
| 5 years p.a. | 3.55 | 3.20 | 0.35 |
| 10 years p.a. | 4.41 | 3.99 | 0.42 |
| Calendar year to date | -3.76 | -2.66 | -1.10 |
| Financial year to date | 1.51 | 1.87 | -0.36 |
| Since inception p.a. | 4.85 | 4.06 | 0.79 |

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.

The Senior Secured Loans Strategy returns shown in the table above is for representation purposes only and shows annualised gross performance in USD since Strategy inception (31/8/06) versus its stated benchmark (Credit Suisse Leveraged Loan Index in USD).

Fund Managers



Scott Baskind
Head of Senior Secured Bank Loans, Invesco Fixed Income



Kevin Egan
Senior Portfolio Manager, Invesco Fixed Income

Annual distribution return¹

3.80%

Fund facts at a glance

Asset class

Senior secured loans

Objective²

The Fund aims to provide a high level of stable monthly income, preserve capital and achieve a gross return of cash plus 4% p.a. over rolling three year periods

Management style

Core, active management combining bottom-up credit selection with top-down macro risk positioning, tied to broader economic trends.

The Fund provides floating rate protection in a rising rate environment.

Benchmark³

From 14/8/14 = Invesco Wholesale Senior Secured Income Fund was managed against the Bloomberg AusBond Bank Bill Index.

Risk profile

Medium

Time horizon

3 years

Distribution frequency

Monthly

Inception date⁴

31/12/90

Strategy Inception date⁵

31/08/06

Minimum investment

\$20,000

MER/ICR

0.75%

Buy/Sell Spread

0.10%/0.10%

APIR code

CNA0805AU

¹ Distribution return for the previous 12 months and has been calculated as the difference between Total Return and Growth Return.

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

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

⁴ The Fund originally commenced on 31/12/90. The Fund benchmark and strategy changed on 14/8/14.

⁵ The underlying Strategy commenced on 11/8/06.

Fund analysis (as at 31 July 2022)

Assets under management

| | A\$m |
|---------------|----------|
| Fund AUM: | 33.49 |
| Strategy AUM: | 7,470.23 |

Asset breakdown

| Asset | Fund % |
|----------------------------------|--------|
| Senior Loans | 85.51 |
| High yield bonds | 8.29 |
| Equities | 4.15 |
| Cash and outstanding settlements | 1.83 |
| Structured Products (CLOs) | 0.22 |

Fund income history in AUD

| Year ended: | Distribution | Distribution | Unit price |
|---------------------|--------------|--------------|------------|
| | % | CPU | \$ |
| 31/12/2014 | 4.39 | 5.3330 | 1.1959 |
| 31/12/2015 | 4.83 | 5.8717 | 1.1463 |
| 31/12/2016 | 5.59 | 6.0301 | 1.2174 |
| 31/12/2017 | 3.82 | 4.5549 | 1.2217 |
| 31/12/2018 | 4.14 | 5.1710 | 1.1698 |
| 31/12/2019 | 5.36 | 6.1457 | 1.1859 |
| 31/12/2020 | 4.65 | 5.2140 | 1.1368 |
| 31/12/2021 | 4.30 | 4.7443 | 1.1775 |
| Month ended: | | | |
| 31/01/2022 | 0.29 | 0.3415 | 1.1787 |
| 28/02/2022 | 0.33 | 0.3901 | 1.1697 |
| 31/03/2022 | 0.26 | 0.3061 | 1.1663 |
| 30/04/2022 | 0.33 | 0.3847 | 1.1617 |
| 31/05/2022 | 0.34 | 0.4054 | 1.1243 |
| 30/06/2022 | 0.37 | 0.4280 | 1.0960 |
| 31/07/2022 | 0.52 | 0.5559 | 1.1003 |

Portfolio statistics

| | |
|--------------------|---------|
| Current yield | 6.76% |
| Yield to maturity | 9.14% |
| Market price | \$90.02 |
| Effective duration | 0.13 |



Top 10 holdings

| Holdings | Fund % |
|--|--------|
| Crown Finance US, Inc. | 1.87 |
| HotelBeds | 1.37 |
| QuarterNorth Energy, Inc (fka Fieldwood Energy) | 1.10 |
| Kirk Beauty One GmbH | 1.10 |
| Carnival Corp. | 1.09 |
| Intelsat Jackson Holdings S.A. | 0.98 |
| Harbor Purchaser, Inc. (Houghton Mifflin Harcourt) | 0.97 |
| Monitronics International, Inc. | 0.96 |
| Numericable-SFR S.A. | 0.93 |
| Kantar (Summer BC Bidco) | 0.87 |

Top 10 industries

| Industry | Fund % |
|---------------------------------|--------|
| Aerospace and Defense | 3.65 |
| Business Equipment and Services | 9.15 |
| Chemicals and Plastics | 4.89 |
| Electronics/Electrical | 10.55 |
| Industrial Equipment | 4.07 |
| Leisure Goods/Activities/Movies | 7.51 |
| Lodging and Casinos | 3.61 |
| Publishing | 4.05 |
| Surface Transport | 3.60 |
| Telecommunications | 5.73 |

Regional allocation

| Region | Fund % |
|--------|--------|
| USA | 75.53 |
| Europe | 20.06 |
| Other | 4.41 |

Maturity allocation

| Maturity | Fund % |
|------------------|--------|
| Less Than 1 year | 0.86 |
| 1 to 3 years | 18.22 |
| 3 to 5 years | 28.53 |
| 5 to 10 years | 52.17 |
| 10 to 20 years | 0.22 |



Quality distribution

| Rating | Fund % |
|-----------|--------|
| Aaa | 0.00 |
| Aa1 | 0.00 |
| Aa2 | 0.00 |
| Aa3 | 0.00 |
| A1 | 0.00 |
| A2 | 0.00 |
| A3 | 0.00 |
| Baa1 | 0.08 |
| Baa2 | 0.29 |
| Baa3 | 0.37 |
| Ba1 | 0.78 |
| Ba2 | 4.57 |
| Ba3 | 7.29 |
| B1 | 17.35 |
| B2 | 30.20 |
| B3 | 14.42 |
| Caa1 | 6.68 |
| Caa2 | 4.45 |
| Caa3 | 1.05 |
| Ca | 0.00 |
| C | 0.24 |
| Not rated | 8.00 |
| Equity | 4.23 |

Notes:

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 inquiries.

All Fund analysis tables reflect the effective exposure by the Fund investing in to the underlying fund - the Invesco Zodiac Fund.

The table for Top 10 Industries uses the Standard & Poor's industries.

The table for quality distribution uses Moody's ratings.

The table for maturity allocation uses maturities based on the value of loan/note holdings.

Portfolio statistics definitions:

'Current yield' - the annual income (interest or dividends) divided by the current price of the security and represents the return an investor would expect if he or she purchased the bond and held it for a year.

'Yield to maturity' - the rate of return anticipated on a bond if held until the end of its lifetime; takes into account the bond's current market price, par value, coupon interest rate and time to maturity.

'Effective duration' - takes into account that expected cash flows will fluctuate as interest rates change.



Monthly commentary

Market review

Loans rebounded in July, gaining 2.14% and improving year-to-date total returns to -2.51% on a USD basis. Investor sentiment improved broadly during the month amid resilient second quarter earnings and expectations of a shallower Fed hiking cycle. The revival in risk appetite joined with a dearth of new supply and steady CLO origination to drive loan prices upwards. The percentage of loans trading above US \$95 rose from 28.8% at the end of June to 60.3% at the end of July.

Amid the asset price buoyancy, loans underperformed high yield and investment grade bonds during July which returned 6.00% and 2.94%, respectively, on a USD basis. Year-to-date, loans have still materially outperformed the -8.87% and -11.40% returns for high yield and investment grade bonds respectively on a USD basis. Within loans, the stronger bid in July was most evident for high- and mid-quality.

The average price in the loan market rose 131 basis points (bps) to US \$ 93.76. At their current average price, senior secured loans are providing an 8.95% yield inclusive of the forward LIBOR curve.



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

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