

Monthly Factsheet

30 September 2022

Fund Managers - Invesco Private Credit
Scott Baskind Head of Global Private Credit and Chief Investment Officer
Kevin Egan Senior Portfolio Manager
Fund facts at a glance
Asset class Senior secured loans
Objective¹ 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.
Benchmark² 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 date³ 31/12/90
Strategy inception date⁴ 31/08/06
Minimum investment \$20,000
MER/ICR 0.75%
Buy/Sell Spread 0.10%/0.10%
APIR code CNA0805AU

Fund performance analysis in AUD (periods to 30 September 2022)

Net performance			
Periods	Fund %	Benchmark %	Value added %
1 month	-2.60	0.15	-2.75
3 months	-0.04	0.42	-0.46
6 months	-5.06	0.49	-5.55
1 year	-4.64	0.52	-5.16
2 years p.a.	3.32	0.28	3.04
3 years p.a.	1.38	0.38	1.00
5 years p.a.	2.07	0.95	1.12
7 years p.a.	3.38	1.24	2.14
10 years p.a.	3.14		
Calendar year to date	-5.13	0.51	-5.64
Financial year to date	-0.04	0.42	-0.46
Since inception p.a.	5.20		

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 30 September 2022)

Gross performance			
Periods	Strategy %	Benchmark %	Value added %
1 month	-1.87	-2.17	0.30
3 months	1.44	1.19	0.25
6 months	-3.98	-3.22	-0.76
1 year	-3.11	-2.62	-0.49
2 years p.a.	4.60	2.77	1.83
3 years p.a.	2.83	2.12	0.71
5 years p.a.	3.43	3.00	0.43
10 years p.a.	4.13	3.70	0.43
Calendar year to date	-3.83	-3.31	-0.52
Financial year to date	1.44	1.19	0.25
Since inception p.a.	4.79	3.98	0.81

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 analysis (as at 30 September 2022)

Assets under management	
	A\$m
Fund AUM:	33.09
Strategy AUM:	7,307.35

Asset breakdown	
Asset	Fund %
Senior Loans	83.46
High yield bonds	8.06
Equities	5.40
Cash and outstanding settlements	2.83
Structured Products (CLOs)	0.24

Fund income history in AUD

Year ended	Distribution %	Distribution CPU	Unit price \$
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
31/08/2022	0.50	0.5414	1.1136
30/09/2022	0.53	0.6024	1.0788

Portfolio statistics	
Current yield	7.77%
Yield to maturity	10.78%
Market price	\$87.59
Effective duration	0.40

Top 10 holdings	
Holdings	Fund %
Crown Finance US, Inc.	2.93
QuarterNorth Energy, Inc (fka Fieldwood Energy)	2.09
HotelBeds	1.51
Carnival Corp.	1.14
Kirk Beauty One GmbH	1.14
First Student Bidco Inc.	1.11
Monitronics International, Inc.	1.05
Numericable-SFR S.A.	1.00
Kantar (Summer BC Bidco)	0.96
Florida Food Products, LLC	0.94

Top 10 industries	
Industry	Fund %
Aerospace	5.22
Chemicals	4.63
Diversified Media	4.97
Gaming/Leisure	11.46
Information Technology	10.97
Manufacturing	5.95
Retail	4.84
Service	11.79
Telecommunications	4.64
Transportation	6.38

Regional allocation	
Region	Fund %
USA	76.10
Europe	19.56
Other	4.34

Maturity allocation	
Maturity	Fund %
Less Than 1 year	2.44
1 to 3 years	19.14
3 to 5 years	28.17
5 to 10 years	50.00
10 to 20 years	0.25

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	0.05
Baa2	0.32
Baa3	0.39
Ba1	1.17
Ba2	4.70
Ba3	7.85
B1	17.35
B2	27.23
B3	13.49
Caa1	6.08
Caa2	3.28
Caa3	0.80
Ca	0.23
C	0.00
Not rated	11.50
Equity	5.56

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.

Market review

Loans shed 2.27% in September, lowering year-to-date total returns to -3.25% on a USD basis. Most of this loss was incurred towards the end of the month after the Federal Reserve delivered forward rate guidance that was more hawkish than expected along with their decision to hike interest rates another 0.75%. This amplified concerns over economic growth prospects and served as a negative catalyst for risk assets broadly. Though a significant outperformer year-to-date against other risk assets, loans have, at times, taken cues from equities in 2022 during episodes of heightened volatility, and this month was no exception.

During September, loans decisively outperformed high yield and investment grade which returned -3.99% and -5.45%, respectively on a USD basis. Year-to-date, loans also continue to materially outperform the -14.57% and -18.73% returns for high yield and investment grade bonds respectively. The average price in the loan market dropped 246 basis points (bps) to 92.20. At their current average price, senior secured loans are providing a 11.04% yield inclusive of the forward LIBOR curve.

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Notes

- ¹ Invesco does not guarantee that the Fund will achieve its objective.
- ² The Fund is managed on a benchmark-unaware basis.
- ³ The Fund originally commenced on 31/12/90. The Fund benchmark and strategy changed on 14/8/14.
- ⁴ The underlying Strategy commenced on 11/8/06.

Important Information

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