

Investment objective

To provide investors with long-term capital growth and distributions by investing in small companies listed on the Australian sharemarket, predominantly outside of the S&P/ASX 100 Index.

What the Fund offers

- Exposure to a well-diversified, 'true to label' portfolio of typically 50-80 quality Australian smaller companies
- The opportunity to take part in the growth of well-managed companies with long-term earnings potential that we believe has been underestimated and undervalued by the broader market
- Access to Australia's longest-running dedicated Australian smaller companies pooled vehicle available to local investors
- The potential for alpha in all market conditions but principally in more moderate markets by focusing on companies with superior earnings prospects over 2-3 years
- The experience of one of Australia's leading smaller companies teams, with exceptional depth of market knowledge and more than 45 years combined investment experience
- An investment process that recognises that change in a company's internal or external environment can be a catalyst for significant EPS growth
- An investment approach that has been applied consistently over 25 years and throughout numerous investment cycles
- Target outperformance of the benchmark of 4% p.a. (before fees) over rolling three-year periods within a tracking error band of 4-8% p.a.
- Tax-effective returns thanks to low portfolio turnover of 25-30% p.a.

Fund Manager



Cynthia Jenkins - Head of Smaller Companies Equities

Fund Facts at a glance

Asset class

Australian smaller companies

Management style

Fundamental, active, core

Benchmark

S&P/ASX Small Ordinaries Accumulation Index

Risk profile

high

Time horizon

7 years

Distribution frequency

Half-yearly

Minimum investment amount

Class A: \$20,000

Class R: \$2,000

Inception date

Class A: 31/3/88

Class R: 18/3/13

APIR code

Class A: CNA0812AU

Class R: CNA0008AU

The Invesco Australian smaller companies advantage

1

We are interested only in companies with a track record of delivering on growth expectations and a clear income stream.

Our smallcap investment style is Growth At a Reasonable Price or GARP. We focus on potential sources of a company's mispricing and catalysts for earnings improvement and re-rating.

So we don't 'run with the herd'. Although this policy might cost us performance in the short term when markets are rising, over the long-term it has served our investors well - helping to 'insulate' the portfolio against periods of market downturn and prevent unwanted surprises. Indeed, our analysis has shown that as a result of stock selection the majority of the fund's outperformance comes when index returns are moderate or even negative.

2

We are a patient, long-term investor.

We don't get caught up in the day-to-day distractions that can drive the market, instead looking past the short-term to allow companies time to achieve their plans.

This also has the advantage of keeping portfolio turnover to a low 25-30% p.a, allowing us to deliver higher returns after tax because a greater proportion of realised gains attract discounted capital gains tax.

3

Our Australian smaller caps team is almost unrivalled in terms of experience and stability.

Invesco's Head of Smaller Companies, Cynthia Jenkins, has been in investment management for over 25 years. In mid-2007 the team welcomed the support of Andrew Perks as Investment Manager, Smaller Company Equities. Andrew has considerable investment experience in Australia and overseas over more than 16 years. In 2013 the team was expanded with the addition of Tina Yu. Combined, the team has over 45 years investment experience.

4

We operate a consistent investment process that has proved effective over more than two decades.

In 1988, our wholesale fund became the first dedicated Australian smaller companies pooled vehicle available to local investors. Since then, its investment approach has remained unchanged.

We obviously can't guarantee future returns from the fund of the same magnitude of recent years. However, by sticking to our investment philosophy and style we can give our investors comfort that they are investing in a product that will repeat the strategy that has been successful in the past.



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Important Information

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