Invesco Wholesale Senior Secured Income Fund

Monthly Factsheet

31 May 2024

Fund Managers - Invesco Private Credit

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Fund facts at a glance

Asset class
Senior secured loans

Objective[1]
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.

Benchmark[2]
Bloomberg AusBond Bank Bill Index

Risk profile
Medium

Time horizon
3 years

Distribution frequency
Monthly

Inception date[3]
31/12/90

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 31 May 2024)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	0.53	0.37	0.16
3 months	1.13	1.10	0.03
6 months	3.70	2.20	1.50
1 year	9.37	4.32	5.05
2 years p.a.	6.20	3.48	2.72
3 years p.a.	3.95	2.32	1.63
5 years p.a.	3.81	1.59	2.22
7 years p.a.	3.73	1.68	2.05
10 years p.a.	4.11		
Calendar year to date	2.58	1.82	0.76
Financial year to date	7.62	4.01	3.61
Since inception p.a.	5.38		

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.

Net distribution growth splits

Periods	Distribution %	Growth %	Total %
3 months	2.10	-0.97	1.13
6 months	4.37	-0.67	3.70
1 year	9.76	-0.39	9.37
2 years p.a.	8.62	-2.42	6.20
3 years p.a.	6.88	-2.93	3.95
5 years p.a.	6.09	-2.28	3.81
7 years p.a.	5.62	-1.89	3.73
10 years p.a.	5.56	-1.45	4.11

Portfolio statistics (US$ unhedged, gross of fees)[4]

Current yield	9.80%
Yield to maturity	11.14%
Market price	$92.24
Effective duration	0.34

Assets under management

	A$m
Fund AUM:	148.67
Strategy AUM:	6,566.60

Fund analysis (as at 31 May 2024)

Asset breakdown

Asset	Fund %
Senior Loans	84.29
High yield bonds	8.43
Equities	6.32
Structured Products (CLOs)	0.53
Cash and outstanding settlements	0.43

Regional allocation

Region	Fund %
USA	80.27
Europe	16.68
Other	3.06

Top 10 industries

Industry	Fund %
Service	13.84
Information Technology	8.95
Chemicals	8.63
Gaming/Leisure	7.22
Transportation	7.16
Financial	7.00
Manufacturing	6.44
Telecommunications	5.66
Aerospace	4.58
Healthcare	2.99

Top 10 holdings

Holdings	Fund %
Monitronics International, Inc.	1.16
Commercial Barge Line Company	1.15
Virgin Media 02 - LG	1.10
NewLife Forest Restoration, LLC	1.08
KAMC Holdings, Inc. (Franklin Energy Group)	1.06
Crown Finance US, Inc.	1.04
Robertshaw US Holding Corp.	1.03
Kantar (Summer BC Bidco / KANGRP)	0.95
First Brands Group, LLC	0.94
Inmarsat Finance plc	0.92

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Monthly commentary

Market review

Loans continue to attract strong investor interest as an asset class primed to benefit from the solid growth / high interest rate environment. The Q1 earnings season confirmed a broadly healthy corporate profit backdrop, which may enable the low default environment to endure. Throughout 2024’s fluctuating macro context, loans have delivered remarkably steady performance year-to-date and are on track to deliver another year of exceptional returns, particularly with the outlook for policy rate reductions moving further out on the horizon.

Performance during the month was driven by credit selection offset in part by asset selection. To a lesser extent, sector positioning and risk positioning) also detracted from performance. Performance from credit selection was due to contributions from a number of high conviction credits during the month. Largest among these was hard beverage packer City Brewing which announced an exchange transaction with the majority of its secured lenders in April (in which the Fund participated) as well as modestly better than expected Q1 results in May which caused the name to trade up, Also contributing to Performance was outdoor shed and patio furniture manufacturer Keter Group which announced its own restructuring transaction at end of April which allowed lenders to take control of the company, causing the debt in turn to trade up in May. Finally, chemical manufacturer Trinseo Materials which the Fund had been purchasing at a discount in 2023 when the name sold off on destocking concerns traded up on strong Q1 earnings and Q2 guidance.

Offsetting this in part was asset selection which subtracted from performance. Largest among the detractors was the re-org equity received in NewLife Forest which restructured in April but continues to face delays in ramping operations which has caused the equity price to soften. Also negatively impacting performance was the re-org equity received in theatre operator Crown Finance which fell after a disappointing start to the summer box office season.

Sector positioning subtracted from performance during the month. This was primarily driven by the Fund’s overweight positions in the underperforming Cable and Telecommunications sectors and the Fund’s underweight in Healthcare which was the third best performing sector. This was offset in part by the Fund’s overweight in the second best performing Chemicals sector.

Finally, risk positioning had a negative impact on relative performance during the month. Within loans, "CCCs" (2.06%) led the way in total return during the month, followed distantly by "Bs" (0.96%) and "BBs" (0.72%). The Fund’s overweight position in CCC and lower rated issues was not quite enough to offset the Fund’s reduced but still underweight position in the larger B cohort.

Contact

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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. The Underlying Strategy commenced on 11/8/06.
[4] $A hedged yields may differ due to interest rate differentials between Australia and the US.

Important Information