Invesco Wholesale Senior Secured Income Fund

Monthly Factsheet

31 January 2025

Fund Managers - Invesco Private Credit

Scott Baskind
Head of Global Private Credit, Chief Investment Officer

Kevin Egan
Senior Portfolio Manager, Co-Head of Credit Research

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 January 2025)

Net performance

Periods	Fund %	Benchmark %	Value added %
1 month	0.66	0.38	0.28
3 months	2.03	1.12	0.91
6 months	3.38	2.25	1.13
1 year	6.66	4.48	2.18
2 years p.a.	7.75	4.24	3.51
3 years p.a.	4.50	3.32	1.18
5 years p.a.	4.33	2.05	2.28
7 years p.a.	3.95	1.94	2.01
10 years p.a.	4.46	1.96	2.50
Calendar year to date	0.66	0.38	0.28
Financial year to date	4.18	2.63	1.55
Since inception p.a.	5.42		

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	2.12	-0.09	2.03
6 months	4.33	-0.95	3.38
1 year	8.99	-2.33	6.66
2 years p.a.	9.33	-1.58	7.75
3 years p.a.	8.03	-3.53	4.50
5 years p.a.	6.60	-2.27	4.33
7 years p.a.	6.07	-2.12	3.95
10 years p.a.	5.67	-1.21	4.46

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

Current yield	8.35%
Yield to maturity	9.45%
Market price	$94.06
Effective duration	0.29

Assets under management

	A$m
Fund AUM:	218.95
Strategy AUM:	10,040.02

Fund analysis (as at 31 January 2025)

Asset breakdown

Asset	Fund %
Senior Loans	88.20
High yield bonds	6.29
Equities	4.72
Cash and outstanding settlements	0.48
Structured Products (CLOs)	0.31

Regional allocation

Region	Fund %
USA	84.03
Europe	13.36
Other	2.61

Top 10 industries

Industry	Fund %
Service	13.81
Information Technology	9.72
Chemicals	9.20
Financial	7.96
Gaming/Leisure	6.17
Transportation	5.84
Healthcare	5.51
Manufacturing	5.14
Telecommunications	4.24
Utility	3.64

Top 10 holdings

Holdings	Fund %
Ineos Quattro (STYRO)	1.27
Crown Finance US, Inc.	1.22
Monitronics International, Inc.	1.00
Ineos US Finance LLC	0.95
Virgin Media 02 - LG	0.90
Trinseo Materials Operating S.C.A.	0.88
KAMC Holdings, Inc. (Franklin Energy Group)	0.88
NewLife Forest Restoration, LLC	0.88
Alliant Holdings Intermediate, LLC	0.87
American Airlines, Inc.	0.83

Market review
With a more measured expectation of Fed rate cuts coupled with the expectation of a continued benign default rate, we anticipate another strong year for loan returns. The default rate for loans (by issuer count) is tracking nearly 20bps lower than the 10-year average of 1.66% and nearly 100bps lower than the historical average default rate of 2.44%. Additionally, we anticipate that the loan supply/demand imbalance should persist and can provide a strong technical backdrop for the loan market.

Asset selection was the largest driver of Fund performance during the month. This in turn was driven primarily by the Fund's position in several re-org equities which appreciated in value during the month. Largest among these was inland barge operator Commercial Barge Line, which saw trailing twelve-month EBITDA improve as tough comps from 2023 rolled off. Additionally, home alarm security companies My Alarn Center and Monitronics both saw their enterprise values increase on continued strong operating results. Finally, the price of both the loans and the re-org equity of bedding manufacturer Serta Simmons increased on continued performance improvement.

Offsetting this modestly was sector positioning which detracted from performance during the month. This was driven by the Fund's overweights in 2 of the 3 worst performing sectors: the small (45bps index weight) but underperforming (-1.44% return) Food & Drug sector and the fund's largest overweight (568bps) to the Chemicals sector which had been a strong performer over the last year but lagged (+0.38% return) this month.

Credit selection was also a detractor of performance during the month. This was driven primarily by lower prices for the debt of hard beverage packager City Brewing which has entered into restructuring negotiations with its lenders for a new liquidity package in exchange for equity in the company.

Risk positioning was net neutral to performance. Following three rate cuts in 2024, the US Federal Reserve (Fed) kept policy rates unchanged in January as expected and is anticipated by markets to remain on hold for the near term given inflation remains somewhat elevated, the economy and job markets are strong, and the macro uncertainty stemming from President Trump's economic policies.

Contact

Tel: 1800 813 500
Email: clientservices.au@invesco.com
Website: www.invesco.com/au

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