

## Investment objective

Aims to outperform the S&P/ASX Small Ordinaries Accumulation Index (**Index**) over the medium to long term (before fees). It aims to provide capital growth and some income.

## Key information

### Fund details

APIR code	MAQ0454AU
Inception date	6 July 2006
Fund size	\$129.0m
Distribution frequency	Quarterly
Management fee*	0.60% pa
Performance fee*	15% of outperformance of the Fund (after management fee and expenses) above return of the Index, subject to a 'high watermark'.
Minimum investment (Direct)	\$20,000
Unit prices and spreads	<a href="http://macquarie.com.au/unit_prices">macquarie.com.au/unit_prices</a>

\*Read the Product Disclosure Statement for more details on fees and costs.

## Fund performance to 30 November 2020

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	8.86	8.80	10.27	-1.47
3 months (%)	7.02	6.83	7.66	-0.83
1 year (%)	11.54	10.57	5.98	4.59
3 years (% pa)	14.31	12.88	6.72	6.16
5 years (% pa)	18.65	17.13	10.69	6.44
Since inception (% pa)	11.25	9.76	3.47	6.29

### Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

Total net Fund returns are quoted after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

The management fee was reduced to 0.60% pa from 18 December 2017.

### Top 3 stock attribution (alphabetical)

Beach Energy Limited

Flight Centre

Lynas Corporation Limited

*Italics denote underweight*

### Bottom 3 stock attribution (alphabetical)

Bapcor Limited

NextDC

Saracen Mineral Holdings Limited

*Italics denote underweight*

### Top 5 overweight positions (alphabetical)

Beach Energy Limited

Brickworks Limited

Charter Hall Group

Saracen Mineral Holdings Limited

Seven Group Holdings

# Macquarie Australian Small Companies Fund

Monthly report – 30 November 2020

## Fund highlights

The Fund finished the month up 8.80% (post fees), underperforming the benchmark by 1.47%.

The largest contributors to relative performance for the month included overweight positions in Beach Energy (BPT), Flight Centre (FLT) and Lynas Corporation (LYC).

Oil and gas producer Beach Energy (BPT) performed strongly during November, returning 49.2% after news of successful trial results from multiple COVID-19 vaccine candidates sparked a rally in oil prices. Energy companies such as BPT, which had been sold off throughout the pandemic, soared after the vaccine news which raised the possibility of a swifter economic recovery and an earlier-than-expected restart of international travel.

The greatest detractors from relative performance included overweight positions in Saracen Minerals (SAR), Bapcor (BAP) and NEXTDC (NXT).

Auto parts business Bapcor (BAP) retraced some of its recent gains during November, following the positive news on vaccine development. Throughout the pandemic, Bapcor has been a beneficiary of increased domestic tourism, used car sales and aversion to public transport. In its trading update for the quarter ending 30th September, management noted that lockdown restrictions in Victoria and Auckland had hampered sales in those regions however total revenue had increased 27% compared to the previous corresponding quarter.

As at 30 November 2020, the largest overweight positions in the Fund were Beach Energy (BPT), Saracen Minerals (SAR), and Charter Hall Group (CHC).

## Market overview

The ASX Small Ordinaries Accumulation Index rose 10.27% during November, similar to the ASX 200 Accumulation Index, which rose 10.21%.

The Australian market rose significantly during November, posting its best monthly return in more than three decades. The gains were primarily driven by encouraging developments on various COVID-19 vaccines, with two separate development efforts announcing over 90% effectiveness and relatively clear paths to approval. COVID-19 infection rates and deaths reached new records across the US and Europe as the northern hemisphere prepares for winter. However the news on vaccines was received with relief globally and viewed as the beginning of the end for the pandemic, 12 months since it was initially detected. In the US, the outcome of the US election became clearer as the month progressed and markets appeared to react positively as the final result emerged – a constrained Biden Presidency. Domestically, a key theme of the Australian market during November was a rotation back to the sectors that had been hit the hardest by the pandemic. Airlines and travel agencies were some of the biggest winners, particularly Webjet (WEB, +65%) and Flight Centre (FLT, +52%).

In Australia, Energy (+28%) was the best performing major sector, driven by Woodside Petroleum (WPL, +28%), Beach Energy (BPT, +49%) and Santos (STO, +30%). The Consumer Staples sector (-0.7%) was the weakest performer and the only sector that fell during November, driven by Woolworths (WOW, -3%) and Treasury Wine Estates (TWE, -6%).

Global bond yields remain at ultra-low levels, with US 10yr government bond yields staying unchanged at 0.85% at the end of November. Australian 10yr government bond yields rose 7 basis points to 0.90%.

Global commodity prices were mixed in November, with iron ore up 11.7% but gold falling 6.3%. The Brent oil price rose 27.0% to US\$47.59/bbl, driven by a weakening US dollar and increased demand expectations following positive vaccine news.

The AUD rose 3.5c during November to US\$0.74. In the domestic economy, the RBA cut the cash rate by 15 basis points to 0.10% on 3rd November in addition to announcing a \$100b quantitative easing program.

## Outlook

The long-awaited positive news on the effectiveness of COVID-19 vaccines is driving positive market sentiment. However, key vaccine approval milestones and the momentous challenge of its global distribution remain as hurdles that must be overcome. As 2020 comes to a close, the recovery in the Australian market appears to be continuing however particular attention will be paid by investors to consumer confidence and retail spending levels throughout the holiday period.

# Macquarie Australian Small Companies Fund

Monthly report – 30 November 2020

**For more information speak to your financial adviser, call us on 1800 814 523, email [mim.clientservice@macquarie.com](mailto:mim.clientservice@macquarie.com) or visit [macquarie.com](http://macquarie.com)**

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