

## 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	\$176.0m
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 31 March 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	1.85	1.74	0.79	0.95
<b>3 months (%)</b>	4.60	4.33	2.09	2.24
<b>1 year (%)</b>	60.98	59.42	52.15	7.27
<b>3 years (% pa)</b>	14.05	12.86	8.32	4.54
<b>5 years (% pa)</b>	18.52	17.01	10.68	6.33
<b>Since inception (% pa)</b>	11.59	10.11	3.73	6.38

### 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 January 2017.

### Top 3 stock attribution (alphabetical)

[Redacted]
Bluescope Steel Limited
Charter Hall Group
Elders Limited

Italics denote underweight

### Top 5 overweight positions (alphabetical)

[Redacted]
Charter Hall Group
Elders Limited
ResMed Inc
Spark New Zealand Ltd
Uniti Group Ltd

### Bottom 3 stock attribution (alphabetical)

[Redacted]
Cashrewards Ltd
IGO Ltd
<i>Premier Investments Limited</i>

Italics denote underweight

# Macquarie Australian Small Companies Fund

Monthly report – 31 March 2021

## Fund highlights

The Fund finished the month up 1.74% (post fees), outperforming the benchmark by 0.95%.

The largest contributors to relative performance for the month included overweight positions in BlueScope Steel (BSL), Elders (ELD) and Charter Hall Group (CHC).

Global steel manufacturer BlueScope Steel (BSL) outperformed in March after announcing strong results in late February and continues to benefit from rising steel prices. The Biden Administration's announcement of a US \$2t infrastructure-based recovery program provides ongoing tailwinds for the company, which has a large presence in the US steel market.

The greatest detractors from relative performance included overweight positions in Cashrewards (CWM) and IGO Limited (IGO), and an underweight position in Premier Investments (PMV).

Nickel producer IGO Limited (IGO) underperformed in March after news of additional supply of lower grade nickel out of China tempered the price of nickel. Nickel is a key component in Electric Vehicle (EV) battery manufacturing, which is expected to see a boost in demand after Joe Biden proposed a US \$174b allocation towards increasing EV usage as part of the US Government's proposed pandemic relief package.

As at 31 March 2021, the largest overweight positions in the Fund were Spark New Zealand (SPK), Charter Hall Group (CHC) and ResMed (RMD).

## Market overview

The S&P/ASX Small Ordinaries Accumulation Index rose during March, returning 0.79% for the month. Small caps underperformed the broad-based S&P/ASX 300 Accumulation Index which returned 2.30%.

The Australian market lagged the US (+4.2%) and Developed Markets (+4.4%) throughout March. In the domestic market, yield-sensitive sectors such as Utilities (+6.8) and Real Estate (+5.6) drove returns, supported by the modest fall in Australian bond yields after spiking in February. House prices in Australia surged 2.6% higher in March, growing at the fastest rate since 1988. Globally, markets reacted after the Suez Canal was blocked entirely for 7 days when container ship Ever Given became wedged across the narrow channel, reducing global trade by almost \$9b per day (12% of daily global trade) with experts suggesting that supply chains could take 60 days to recover. In COVID-19 news, global vaccination programs progressed however global daily COVID-19 cases are rising again due to spikes in India, Brazil and Continental Europe.

After a long period of minimal community transmission in Australia, a 3 day snap lockdown was announced on 31st March for Greater Brisbane after ten new cases of COVID-19 were recorded (four from community transmission). This triggered event cancellations and the re-imposition of some border closures, however at the time of writing the outbreak in Queensland seems to have been contained.

The consumer discretionary sector (+7.0%) was the best performer for the month, driven by Ardent Leisure (ALG, +45.7%), Harvey Norman (HVN, +13.2%) and Sky City (SKC, +12.8%). Utilities (+6.8%) and REITs (+6.6%) were also strong. Materials (-3.0%) was the worst performing sector, driven by falls in Resolute Mining (RSG, -31.8%), Cooper Energy (COE, -16.9%) and Mount Gibson Iron (MGX, -14.1%). Commodity prices fell throughout March, with Brent oil prices down 3.9% to US\$63.54/bbl, Iron ore down 5.2% and gold falling 3.0%.

Rising inflation expectations caused global bond yields to continue to trend higher, with the US 10 year government bond yield rising 0.28% to 1.74%. Conversely, the Australian 10 year government bond yield declined slightly, down 0.9% to 1.79%.

The AUD depreciated 1.2c against the USD during March to US\$0.76. In the domestic economy, the RBA maintained the cash rate at 0.15%.

## Outlook

The COVID-19 recovery in Australia continues to progress, with the vaccine rollout slowly gaining momentum and a trans-Tasman travel bubble with New Zealand announced. Looking ahead, key factors driving market sentiment will include movements in bond yields, the global effectiveness of the various vaccines and the impact of the unwind of domestic stimulus measures on the local economy.

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Monthly report – 31 March 2021

**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)**

## **Important information**

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