

### 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	\$233.4m
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="https://www.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 2021

	Total Fund return (gross)	Total Fund return (net)	Benchmark return	Total excess return (net)
<b>1 month (%)</b>	0.10	0.05	-0.31	0.36
<b>3 months (%)</b>	-0.55	-0.70	-1.54	0.84
<b>1 year (%)</b>	21.57	20.60	18.44	2.16
<b>3 years (% pa)</b>	18.68	17.55	13.54	4.01
<b>5 years (% pa)</b>	19.33	17.84	11.65	6.19
<b>Since inception (% pa)</b>	11.90	10.44	4.38	6.06

#### 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]
Charter Hall Group
IGO Ltd
Johns Lyng Group Ltd

Italics denote underweight

#### Top 5 overweight positions (alphabetical)

[Redacted]
Charter Hall Group
Healius Ltd
IGO Ltd
Johns Lyng Group Ltd
Uniti Group Ltd

#### Bottom 3 stock attribution (alphabetical)

[Redacted]
<i>Chalice Gold Mines Limited</i>
<i>Novonix Ltd</i>
Virgin Money UK CDI

Italics denote underweight

# Macquarie Australian Small Companies Fund

Monthly report – 30 November 2021

## Fund highlights

The Fund finished the month up 0.05% (post-fees), outperforming the benchmark by 0.36%.

The largest contributors to relative performance for the month included overweight positions in Johns Lyng Group (JLG), IGO Ltd (IGO) and Charter Hall Group (CHC).

Insurance and remediation builder Johns Lyng Group (JLG) outperformed after reaffirming guidance at its AGM. The Bureau of Meteorology's declaration of a La Nina alert suggests upside risk to earnings as adverse weather events create incremental work for the company.

The greatest detractors from relative performance included an overweight position in Virgin Money UK (VUK), and underweight positions in Novonix (NVX) and Chalice Mining (CHN).

Battery technology company Novonix (NVX) experienced an investor frenzy throughout November, surging higher as buyers piled into the electric vehicle thematic. After ruling off a very strong November, NVX fell 32% on 3rd December on no material news.

As at 30 November 2021, the largest overweight positions in the Fund were IGO Limited (IGO), Uniti Group (UWL) and Charter Hall Group (CHC).

## Market overview

The S&P/ASX Small Ordinaries Accumulation Index slipped lower during November, returning -0.31% for the month. Small caps slightly outperformed the broad-based S&P/ASX 300 Accumulation Index, which fell by 0.53%.

Globally, equities saw sharp falls throughout November, driven by the emergence of the Omicron variant, as investors moved into safe-haven asset classes. The emergence of Omicron added to fears of more lockdowns that have already started to re-emerge as COVID cases start to rise in the Northern Hemisphere. This added to existing concerns among investors that the cycle was already slowing, and monetary stimulus was moderating. To top it off, on the last day of the month, US Fed chair Powell signalled tapering may be accelerated, as inflation is less transitory than first thought. Despite these macro headwinds, the Australian market outperformed most developed markets, with the 0.5% fall in the ASX less than the 1.6% decline in the MSCI World All Countries Index. Emerging Markets were the laggards, with a 3.2% fall driven by a 5.9% fall for MSCI China.

Materials (+4.7%) was one of the best performing sector in November. The gains were led by iron ore and lithium stocks. Energy (-5.6%) was the worst performing sector on the back of weaker commodity prices.

The October sell-off in bonds was reversed in November, as Omicron headlines drove investors to scale back inflation and rate hike expectations, with Australian 10-year yields sliding 38bps to 1.70%, followed by US 10-year yields declining 11bps to 1.43%.

Commodities were materially weaker. Oil had already fallen mid-single digits before Omicron emerged, as October's concerns about energy shortages faded. Concerns about Omicron impacting oil demand added to losses, and WTI ended the month down nearly 21%. However, this wasn't the largest fall among commodities, as thermal coal fell 32% and uranium fell 27%. Iron ore fell 8% to US\$100/Mt on the back of weak China demand signals.

The AUD depreciated 5.3% against the USD during November to US\$0.709. In the domestic economy, the RBA maintained the cash rate at 0.10%.

## Outlook

While lockdown restrictions across New South Wales and Victoria have eased in recent months, COVID risks remain, as evidenced by the recent emergence of the Omicron variant. The coming weeks will be critical in determining the risk of Omicron to global growth, and also the implications of the recent increase in Delta cases in Europe.

Domestically, the speed and strength of the economic recovery remains a key focus. Pent-up demand combined with high savings rates and the 'wealth effect' from record house prices should provide a firm footing for continued growth in corporate earnings.

Globally, the outlook for inflation and the likely tapering of bond purchases by the US Federal Reserve will be key themes for investors to monitor over the coming months.

# Macquarie Australian Small Companies Fund

Monthly report – 30 November 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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