

Performance Net (%)	1 Month	3 Month	1 Year	3 Year p.a.	5 Year p.a.	Since Inception* p.a.
Global Small Cap Fund	1.99	16.70	-4.95	0.46	5.50	11.74
Benchmark**	2.47	14.27	2.22	5.87	8.66	13.11
Excess Return	-0.48	2.43	-7.17	-5.41	-3.16	-1.37

* Inception date - 18 January 2013

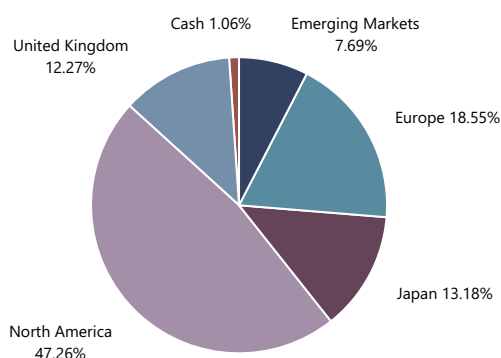
Investment Objective

The Fund aims to outperform the S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion Net Total Return Index in AUD over a three to five year period (after management costs and before tax).

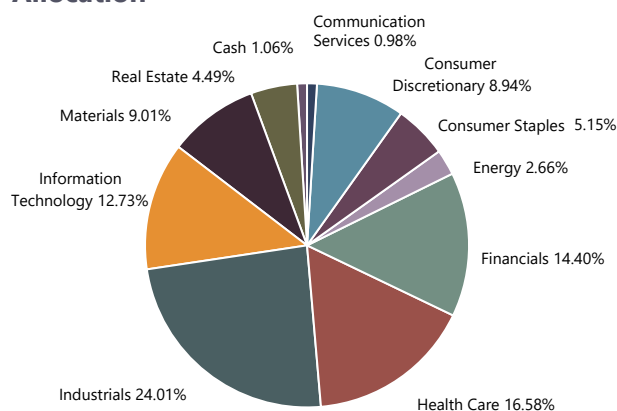
Portfolio Manager

Kevin Beck

Region Allocation



Sector Allocation



** S&P Global ex Australia and New Zealand Between USD1 Billion and USD5 Billion (AUD) NTR Index effective from 5 November 2018. Prior to this date the benchmark was S&P Global Between USD1 Billion and 5 Billion (AUD) NTR Index effective from 1 October 2015 to 4 November 2018 inclusive and S&P Global Between USD1 Billion and 5 Billion (AUD) TR Index prior to 1 October 2015.

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Key Details

Number of Holdings	63
Weighted Avg Mkt Cap (AUD M)	\$4,670M
Active Share	98.72%
Fund Size (AUD)	\$506M

Top 10 Positions

	Weight %
CNO Financial Group, Inc.	3.24
ITT, Inc.	3.17
Avanos Medical, Inc.	3.08
ON Semiconductor Corporation	3.00
Lear Corporation	2.72
Envista Holdings Corp.	2.61
Euronext NV	2.52
Axis Capital Holdings Ltd.	2.47
Kansai Paint Co., Ltd.	2.44
Onex Corporation	2.38

Fund Details

APIR Code	ETL0365AU
Fund Currency	AUD
Distribution Frequency	Semi-Annually
Management Fee ¹	1.25% p.a.
Performance Fee	15% p.a.
Buy Sell Spread	+/-0.30%
Minimum Investment	\$20,000

Global Small Cap Fund

Market Review

For the purpose of comparison, commentary is quoted in AUD terms except where stated otherwise.

Global small caps ripped higher in Q4 returning over 14% (S&P Global Between USD1 Billion and USD5 Billion (AUD) Net Total Return Index). All regions once again contributed positively to the benchmark return. On a geographic basis, North America was the strongest performer, followed closely by the UK. Japan was a notable laggard, returning only 1%. Energy and Financials were the strongest performing sectors and Consumer Staples lagged as the world began its return to normalcy.

The fourth quarter brought certainty across a range of global issues. Vaccine announcements from numerous pharmaceutical firms were rapidly approved and mass vaccination programs were underway before the New Year. The UK and EU finally agreed on a trade accord and, after four long years, Brexit is now behind us. Joe Biden will replace Donald Trump as the President of the United States after a long awaited and highly contested election. Election results were followed by the signing of a \$900B stimulus bill to provide additional support to the US economy. Whether the bill provides enough support or will be deployed in time to help struggling businesses and families is still to be determined. If the bill falls short, Joe Biden will have an opportunity to outdo his predecessor. The fourth quarter, for the markets at least, was a global celebration as so many of the world's problems were "fixed".

Performance

Stock selection was a highlight in the quarter contributing positively in all geographies except for Europe. In addition, we benefitted from our overweight positions in North America and the UK as they led the market rally.

Significant contributors to performance included:

ON Semiconductor (US) Analog device manufacturer ON Semiconductor benefitted from the entry of activist investor Starboard Value and their public view that ON would be an attractive acquisition target. We believe ON appears well positioned to achieve its previously fleeting gross margin targets after working collaboratively with Starboard to appoint a new CEO and multiple new board members.

ChampionX Corporation (US) Upstream and midstream energy solutions provider ChampionX rose with the broader energy sector as news of the Covid-19 vaccine signaled future demand for travel, and therefore oil. ChampionX beat (admittedly low) earnings estimates, saw a number of analyst upgrades in the quarter, and continued to benefit from merger integration synergies, cross-selling, and market share gains.

CNO Financial (US) Life and supplemental health insurance provider CNO beat earnings estimates largely due to fewer health claims as Covid-19 shutdowns kept people at home. In addition, interest rates ticked up slightly in the quarter, benefitting CNO and the financial sector more broadly. CNO is well positioned, in our opinion, to benefit from rising interest rates due to its substantial float income from its insurance products.

Significant detractors from performance included:

Euronext (France) Euronext, a pan-European exchange operator, gave back some gains after being out top contributor in the prior quarter. The company announced an equity offering to finance its acquisition of Borsa Italiana, pausing the rally in the company's share price while the market awaits the capital raise. The deal is expected to close in mid-2021 and should prove accretive to earnings.

Rohto Pharmaceutical (Japan) Cosmetic and pharmaceutical manufacturer Rohto declined after missing revenue targets in November. While more cyclical businesses saw a substantial recovery in Q3, Rohto continued to be impacted by retail and office closures dampening demand for its eyecare and skincare products. Consternation about further government shutdowns in Japan continued to pressure shares through year end.

Eros STX (India) Eros STX continued to work through its merger and did not participate in the market rally. Key next steps for the business include a debt refinancing after which the business can begin to execute against its strategic plan to maximize the value of its content library and streaming subscriber base.

PORTFOLIO CHANGES

We exited Ascential (UK) to further concentrate the portfolio and improve overall liquidity. We added no new positions in the quarter. We rotated out of several Japanese names and reinvested these proceeds into names where we have more conviction.

Outlook

Looking ahead, while the world's population is undoubtedly excited to begin a new year, we see markets as once again priced to perfection. The S&P closed out the year at an all-time high. 2020 IPO fundraising surpassed its prior 1999 peak by over 50%. Bitcoin tripled in price in 2020 but hardly performed well when compared to Tesla which rewarded investors with more than a 700% return during the year. The optimism inherent in asset valuations contrasts with global economies entering 2021 with elevated unemployment, increasing regulatory pressure (particularly in China), and an addiction to fiscal and monetary stimulus. Nevertheless, we expect the market to continue to provide opportunities to invest in quality, cash generative businesses at reasonable valuations and are looking forward to a productive year ahead.