

# First Sentier Wholesale Australian Small Companies Fund

Formerly the Colonial First State Wholesale Australian Small Companies Fund

## Quarterly Factsheet

30 June 2021

For Adviser use only

### Portfolio Description

The fund invests in a broad selection of Australian listed small companies, with between 50 to 70 stocks typically held in the portfolio.

### Investment Strategy

The fund's strategy is to favour companies with sustainable competitive advantages, strong financials, quality management and predictable earnings. By investing in these companies, the fund aims to deliver superior returns over the long term. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

### Investment Objective

To provide long-term capital growth by investing predominantly in small Australian companies. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling three-year periods before fees and taxes.

### Key Investment Personnel and Experience (Industry / Firm)

Dawn Kanelleas	Senior Portfolio Manager	(1996 / 2008)
Michael Joukhador	Portfolio Manager	(2007 / 2007)
Pavlos Totsis	Portfolio Manager	(2007 / 2007)

### Product Overview

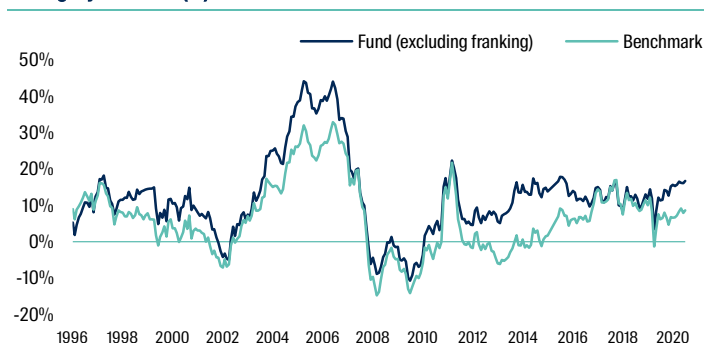
APIR code	CMI0111AU
Inception date	31 December 1993
Fund Size (AS)	779 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	55
Buy / Sell spread	0.15% / 0.15%
Minimum investment (AS)	5,000
Management cost (p.a.)*	1.11%

\* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	9.3	41.5	16.7	16.4	15.7	13.7	11.7
Benchmark return	8.5	33.2	8.6	11.2	10.1	6.0	6.4
Excess net return	0.8	8.2	8.1	5.2	5.6	7.7	5.3
Income return	7.0	17.1	10.9	12.9	11.3	8.6	7.5
Growth return	2.4	24.3	5.8	3.5	4.4	5.1	4.2

### Rolling 3 year return (%)



### Top 5 holdings

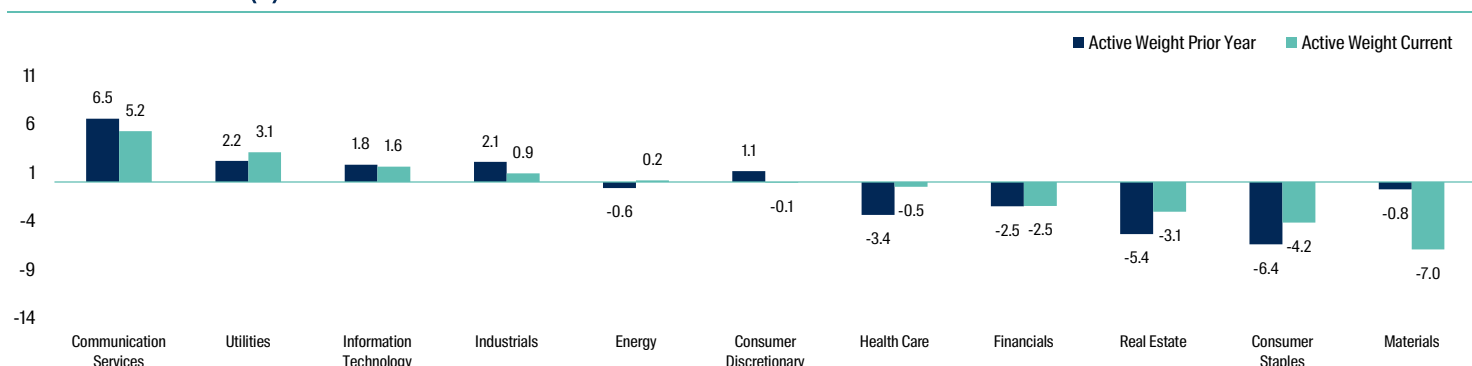
Stock
Breville
IRESS
News Corp
NIB
Technology One

Sorted alphabetically

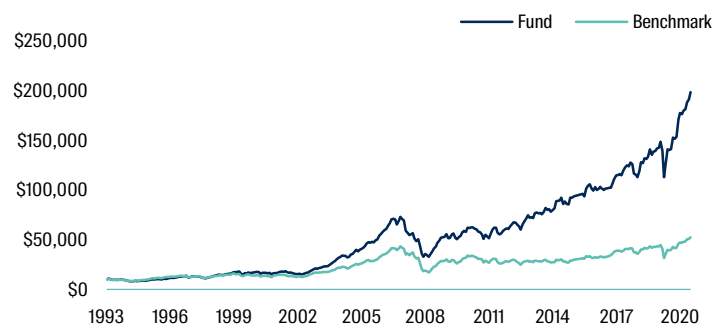
### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	11.9	19.2	16.0	15.2	15.2	15.9
Benchmark standard deviation (%)	11.8	21.2	17.6	16.6	16.6	16.7
Tracking error (%)	3.2	3.5	3.9	4.3	4.5	5.6
Fund Sharpe ratio	3.5	0.9	0.9	0.9	0.8	0.5
Information ratio	2.6	2.3	1.3	1.3	1.7	0.9
Beta	1.0	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	46.2	59.2	64.3	70.8	78.8	

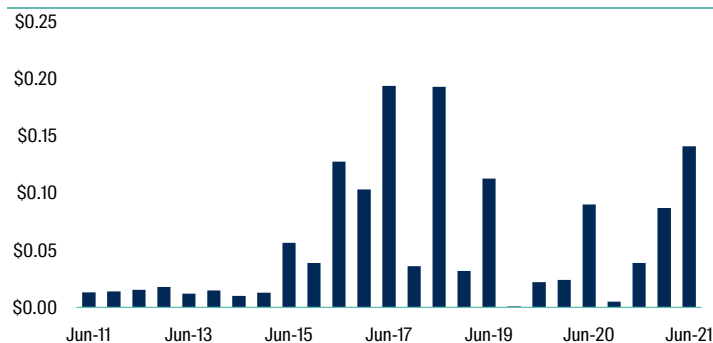
### Fund Active Sector Positions (%)



## Growth of AUD 10,000 Investment Since Inception



## Distributions



## Top 5 attributors to performance (3 months)

Sector	Attr.
Information Technology	1.72%
Consumer Staples	0.82%
Consumer Discretionary	0.29%
Real Estate	0.24%
Financials	0.18%

## Top 5 detractors to performance (3 months)

Sector	Attr.
Materials	-0.74%
Communication Services	-0.50%
Health Care	-0.42%
Industrials	-0.11%
Energy	-0.05%

Performance returns are calculated net of management fees and transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

Data source: First Sentier Investors 2021

Data as at: 30 June 2021

## Market review

The S&P/ASX Small Ordinaries Accumulation Index returned 8.5% during the June quarter, slightly outperforming the S&P/ASX 200 Accumulation Index which returned 8.3%. The Small Industrials Index returned 7.3% and the Small Resources Index returned 13.6%. The Gold subsector returned 14.7%.

Financials (14.0%) was the best performing sector, followed by Energy (12.9%), Materials (11.9%), Real Estate (9.9%), IT (9.6%), Communication Services (7.9%), Healthcare (7.7%), Consumer Discretionary (6.0%), and Industrials (0.5%). Consumer Staples (-2.5%) was the only industry sector to finish the quarter in negative territory.

## Fund performance

Among the top contributors to relative performance were:

## Iress (overweight)

The share price surged in June on takeover speculation, which the company denied knowledge of. The company also released a series of initiatives as part of a strategic review which were well received by investors.

## Megaport (overweight)

The company's share price rose to record highs during the June quarter, following a solid Q3 result that saw consistent growth in all metrics, along with a strong pipeline of new customers.

## NIB Holdings (overweight)

The share price rallied strongly in April following a profit upgrade on the back of continued tailwinds from lower-than-expected claims experience due to COVID uncertainty.

Among the main detractors to relative performance were:

## Webjet (overweight)

The share price was lower during the quarter after hitting post-COVID highs in mid-March. Sentiment continues to be largely driven on the global success of the vaccine rollout and the prospect of travel restrictions being lifted.

## Seven Group Holdings (overweight)

The share price underperformed post a surprise capital raising, which left shareholders questioning where the capital would be deployed. The share price did partly recover post the capital being deployed into Beach Energy and Boral.

## Pilbara Minerals (not held)

The share price was higher over the quarter on some positive operational updates and strong long-term demand for lithium due to rising electric vehicle sales.

## Market outlook

Australia's economic indicators, such as household expenditure, business investment and dwelling investment have been generally positive recently, although the implementation of various lockdown restrictions nationwide are clouding the outlook. However, as vaccination rates in populations hit critical thresholds, international borders may re-open, reigniting economic activity.

On the interest rate front, the Governor of the Reserve Bank reiterated that economic conditions are unlikely to be strong enough to warrant a rate hike until at 2024, at the earliest.

In the US, improving employment and wage prospects – as well as a strong 'wealth effect' owing to record high house price growth – are supporting consumer confidence. The proportion of consumers planning to purchase homes, automobiles, and major appliances has increased, according to the latest survey. This augurs well for economic activity levels going forward.

**Portfolio Beta** measures the portfolio's sensitivity to benchmark movements. Mathematically, it is the covariance of the portfolio vs the benchmark divided by the variance of the benchmark. The covariance and variance are ex ante calculations based on current weights and historic patterns of return over the past five years.

**Turnover** is the average of sales and purchases divided by the average portfolio size. **Cashflow Adjusted Turnover** is the same as above, except that the lesser of sales and purchases is used in place of the average of the two. This is to adjust for turnover that is related to investing inflows or selling stocks to meet outflows rather than related to active management of the portfolio.

[www.firstsentierinvestors.com.au](http://www.firstsentierinvestors.com.au)

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