

First Sentier Wholesale Australian Small Companies Fund



Formerly the Colonial First State Wholesale Australian Small Companies Fund

Quarterly Factsheet

30 June 2022

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

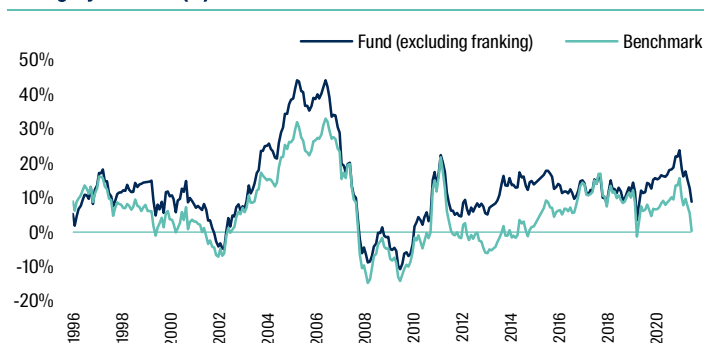
APIR code	CMI0111AU
Inception date	31 December 1993
Fund Size (AS)	758 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	53
Buy / Sell spread	0.15% / 0.15%
Minimum investment (AS)	5,000
Management cost (p.a.)*	1.11%

* 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	-17.1	-13.4	8.8	11.1	11.3	12.6	10.7
Benchmark return	-20.4	-19.5	0.4	5.1	6.6	5.4	5.3
Excess net return	3.3	6.1	8.4	6.0	4.6	7.3	5.4
Income return	4.1	8.3	10.8	11.0	11.7	9.3	7.6
Growth return	-21.2	-21.7	-2.0	0.1	-0.5	3.3	3.1

Rolling 3 year return (%)



Top 5 holdings

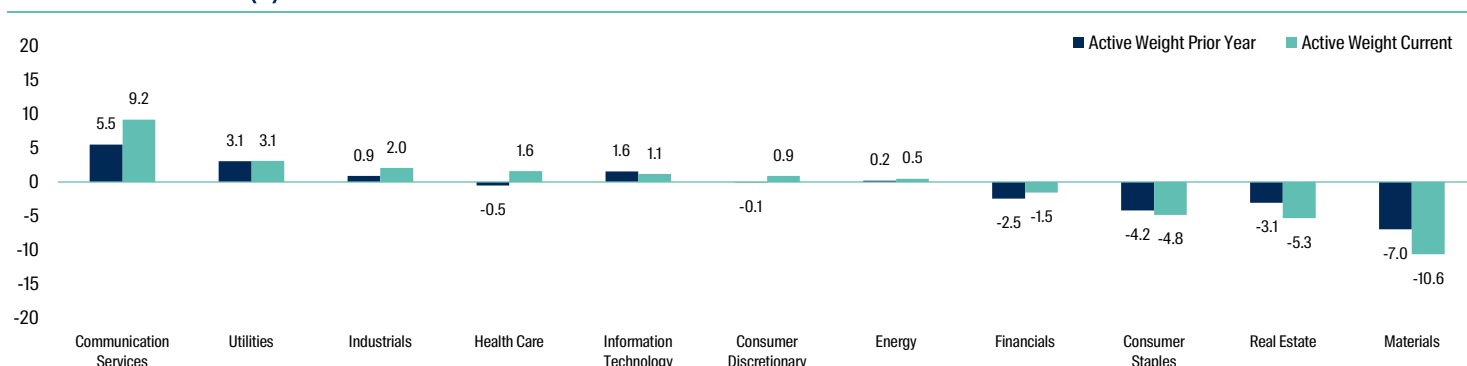
Stock
Breville
Domain
IRESS
Technology One
TPG

Sorted alphabetically

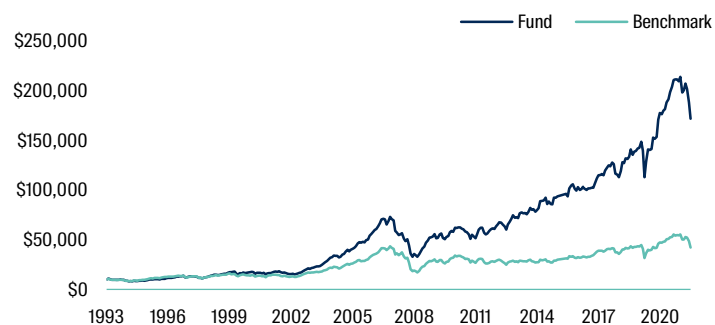
Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	14.3	19.9	16.8	15.6	14.7	15.9
Benchmark standard deviation (%)	18.2	22.6	19.1	17.4	16.4	16.8
Tracking error (%)	6.3	4.8	4.4	4.5	4.6	5.7
Fund Sharpe ratio	-0.9	0.4	0.6	0.6	0.7	0.4
Information ratio	1.0	1.8	1.4	1.0	1.6	0.9
Beta	0.7	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	27.8	45.3	55.5	61.1	72.3	

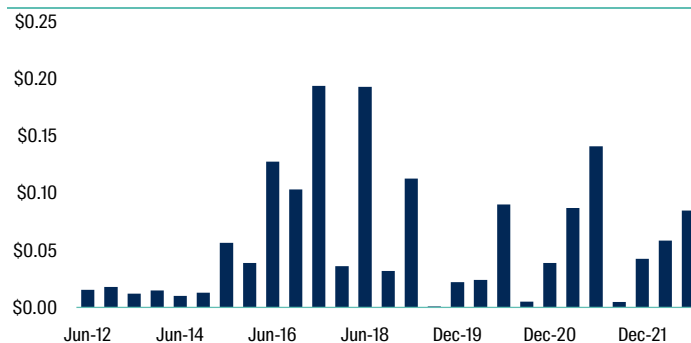
Fund Active Sector Positions (%)



Growth of AUD 10,000 Investment Since Inception



Distributions



Top 5 attributors to performance (3 months)

Sector	Attr.
Materials	1.65%
Information Technology	1.48%
Financials	0.65%
Communication Services	0.65%
Health Care	0.49%

Top 5 detractors to performance (3 months)

Sector	Attr.
Energy	-0.82%
Consumer Staples	-0.68%
Real Estate	-0.65%
Industrials	-0.15%
Consumer Discretionary	-0.02%

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 2022

Data as at: 30 June 2022

Market review

The S&P/ASX Small Ordinaries Accumulation Index returned -20.4% during the June quarter, underperforming the S&P/ASX 200 Accumulation Index which returned -11.9%. The S&P/ASX Small Industrials Index returned -18.4% and the S&P/ASX Small Resources Index returned -26.6%. The Gold sub industry returned -30.9%.

Energy (2.4%) was the only economic sector to finish the quarter in positive territory. Consumer Staples (-4.7%) was the next best performer, followed by Communication Services (-10.4%), Health Care (-12.7%), Real Estate (-15.5%), Industrials (-18.3%), Financials (-20.7%), Consumer Discretionary (-22.5%), and IT (-27.9%). Materials (-31.7%) was the worst performing sector during the quarter.

Fund performance

Among the top contributors to relative performance were:

TPG Telecom (overweight)

The share price closed the month higher, as defensive companies were favoured by investors during a turbulent quarter, and the company's investor day and news of a dividend policy were well received by investors.

NIB (overweight)

The share price posted solid gains over the quarter, likely due to the company's defensive characteristics in a volatile market and strong earning tailwinds attributable to lower elective surgeries and claims expense.

Iress (overweight)

Following some weakness during April and May to touch one year lows mid-June, the share price then rallied strongly in the second half of June to finish the quarter higher, despite no company-specific news.

Among the main detractors to relative performance were:

Whitehaven Coal (not held)

The share price rose over the quarter on strong thermal coal prices, led primarily by ongoing supply concerns due to sanctions in Russia.

Breville Group (overweight)

The share price came under pressure due to macro-economic concerns around softening consumer demand, inflation, and supply chain constraints due to Covid-related shutdowns in China for much of the quarter.

Silver Lake Resources (overweight)

The share price fell heavily following the company's disappointing third quarter results, the withdrawal of FY22 guidance, and a falling gold price.

Outlook

As widely expected, official interest rates were raised by half a percentage point in the Reserve Bank of Australia's (RBA's) July meeting – the third rate rise in three months – lifting the new cash rate to 1.35%. The Governor of the RBA made an uncommon television appearance, effectively telling Australians to expect much higher interest rates in the months ahead.

The Treasury is forecasting a further pick-up in inflation, from the 5.1% annual rate seen in the March quarter. As in many other countries, food and energy prices are rising particularly strongly. Central banks are being compelled to tighten policy settings to combat high inflation, but risk an economic slowdown or recession if borrowing costs are raised substantially.

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

For further information

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