

# First Sentier Wholesale Australian Small Companies Fund



Formerly the Colonial First State Wholesale Australian Small Companies Fund

## Quarterly Factsheet

31 December 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	Head of Australian Small and Mid Cap Companies	(1996 / 2008)
Michael Joukhador	Portfolio Manager	(2007 / 2007)
Pavlos Totsis	Portfolio Manager	(2007 / 2007)

### Product Overview

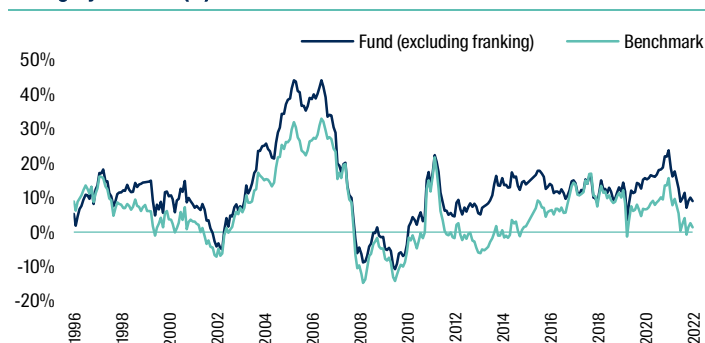
APIR code	CM10111AU	
Inception date	31 December 1993	
Fund Size (A\$)	845 million	
Benchmark	S&P/ASX Small Ordinaries Accumulation Index	
Number of stock holdings	52	
Buy / Sell spread	0.15% / 0.15%	
Minimum investment (A\$)	5,000	
Management fees and costs (p.a.)*	1.11%	

\* Information on Management fees and 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	8.7	-13.7	9.0	9.9	11.1	11.9	10.8
Benchmark return	7.5	-18.4	1.4	2.9	6.6	5.1	5.5
Excess net return	1.2	4.7	7.6	7.0	4.4	6.8	5.3
Income return	0.9	7.6	10.8	10.7	11.6	9.2	7.5
Growth return	7.8	-21.3	-1.8	-0.8	-0.5	2.7	3.3

### Rolling 3 year return (%)



### Top 5 holdings

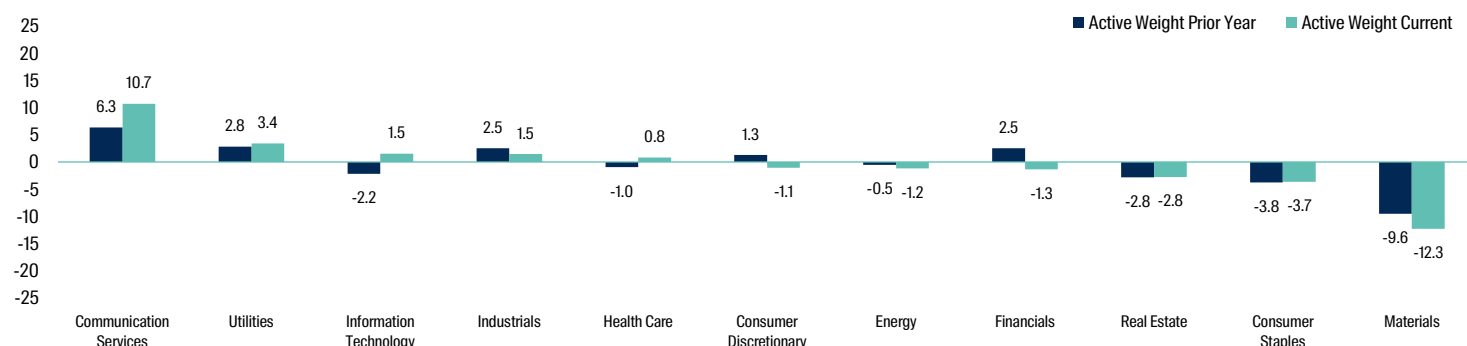
Stock
IRESS
News Corp
Seven Group
Technology One
TPG

Sorted alphabetically

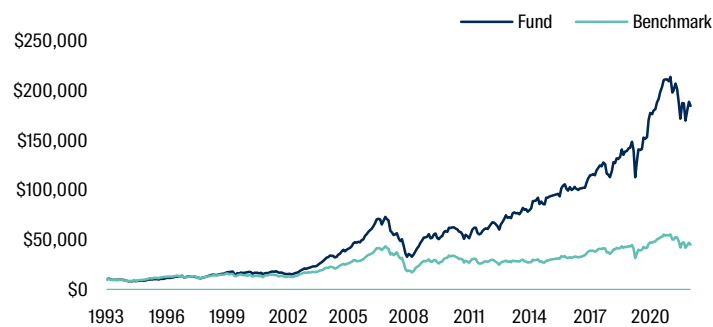
### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	20.5	21.4	18.0	16.3	15.4	16.0
Benchmark standard deviation (%)	25.4	24.6	20.5	18.4	17.3	17.0
Tracking error (%)	6.2	5.1	4.4	4.5	4.7	5.7
Fund Sharpe ratio	-0.7	0.4	0.5	0.6	0.7	0.4
Information ratio	0.8	1.5	1.6	1.0	1.4	0.9
Beta	0.8	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	17.7	38.5	49.3	56.1	68.3	

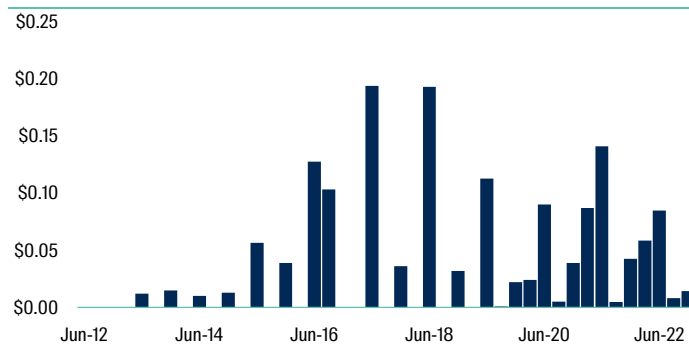
### Fund Active Sector Positions (%)



## Growth of AUD 10,000 Investment Since Inception



## Distributions



## Top 5 attributors to performance (3 months)

Sector	Attr.
Information Technology	0.84%
Industrials	0.72%
Financials	0.34%
Materials	0.24%
Real Estate	0.22%

## Top 5 detractors to performance (3 months)

Sector	Attr.
Communication Services	-0.56%
Consumer Discretionary	-0.21%
Energy	-0.01%
Health Care	-0.01%
Utilities	0.01%

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: 31 December 2022

## Market review

The S&P/ASX Small Ordinaries Accumulation Index returned 7.5% during the December quarter, underperforming the S&P/ASX 200 Accumulation Index which returned 9.4%. The S&P/ASX Small Industrials Index returned 6.6% and the S&P/ASX Small Resources Index returned 10.4%. The Gold sub industry returned 26.9%.

All economic sectors in the S&P/ASX Small Ordinaries Index finished the quarter in positive territory. Real Estate (11.8%) was the quarter's best performing sector, followed by Materials 11.6%, Health Care (9.3%), Communication Services (6.8%), Consumer Discretionary (5.6%), Industrials (5.4%), Financials (4.8%), Consumer Staples (4.1%), and IT (3.4%). Energy (2.6%) posted the smallest gains during the quarter.

## Fund performance

Among the top contributors to relative performance were:

**Technology One** (overweight)

The share price was stronger after the company released its FY22 results which were ahead of consensus expectations, and reported record SaaS annual recurring revenue growth.

**Capricorn Metals** (overweight)

The share price rose on the back of a rising gold price, and an increase in the Mineral Resource Estimate at the company's Mt Gibson Gold Project.

**Webjet** (overweight)

The company's share price rallied after it released strong underlying H1 earnings that beat market expectations, with the company declaring it is on track to exceed its pre-pandemic profitability in FY23.

Among the main detractors to relative performance were:

**Domain** (overweight)

The share price fell as the company advised the market that its profit would be down on the back of significant declines in property listings since its AGM update.

**Champion Iron** (not held)

The company's share price rallied after iron ore prices rebounded in early November. The rise in iron ore prices reflects a lift in market sentiment driven in part by the easing of COVID restrictions in China.

**Chalice Mining** (not held)

The share price rose after the company reported promising platinum group element (PGE) drilling results at its Hooley Prospect and released further positive drill results from nearby prospects.

### Market outlook

Reserve Bank of Australia (RBA) officials remain determined to dampen inflation, with CPI currently running at an annual rate of 6.9%. In its December meeting, RBA governor Philip Lowe said the bank board expected to increase interest rates “over the period ahead” but would be guided by fresh economic data.

A slowing in the pace of interest rate rises may be a signal that policymakers are mindful of the potential adverse economic impact of aggressive rate hikes, and could tread more carefully from now on. There is no RBA Board meeting in January, with the next one scheduled for the first Tuesday in February.

In China, the focus remained on the high number of new Covid cases and the potential for new variants of the virus to emerge. Although an easing in virus-related restrictions seems likely over the course of 2023, disruptions are still likely to have a meaningful impact on the economy. This will likely to impede other economies in the Asia Pacific region, and could act as a drag on global GDP growth in the year ahead.

**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.

**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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