

# First Sentier Wholesale Australian Small Companies Fund



Formerly the Colonial First State Wholesale Australian Small Companies Fund

## Quarterly Factsheet

31 March 2023

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

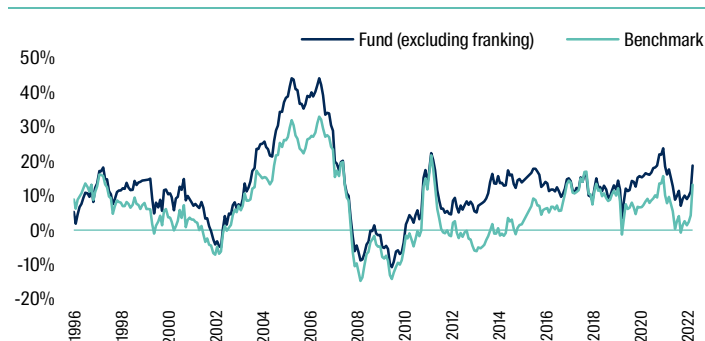
APIR code	CMIO111AU
Inception date	31 December 1993
Fund Size (A\$)	878 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	57
Buy / Sell spread	0.15% / 0.15%
Minimum investment (A\$)	5,000
Management fees and costs (p.a.)*	1.11%

\* 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	2.7	-8.5	18.8	10.5	11.3	11.6	10.8
Benchmark return	1.9	-13.2	13.1	3.9	6.8	5.2	5.5
Excess net return	0.8	4.7	5.6	6.7	4.5	6.4	5.3
Income return	0.6	6.1	11.3	10.9	11.7	9.3	7.4
Growth return	2.1	-14.6	7.4	-0.4	-0.4	2.3	3.3

### Rolling 3 year return (%)



### Top 5 holdings

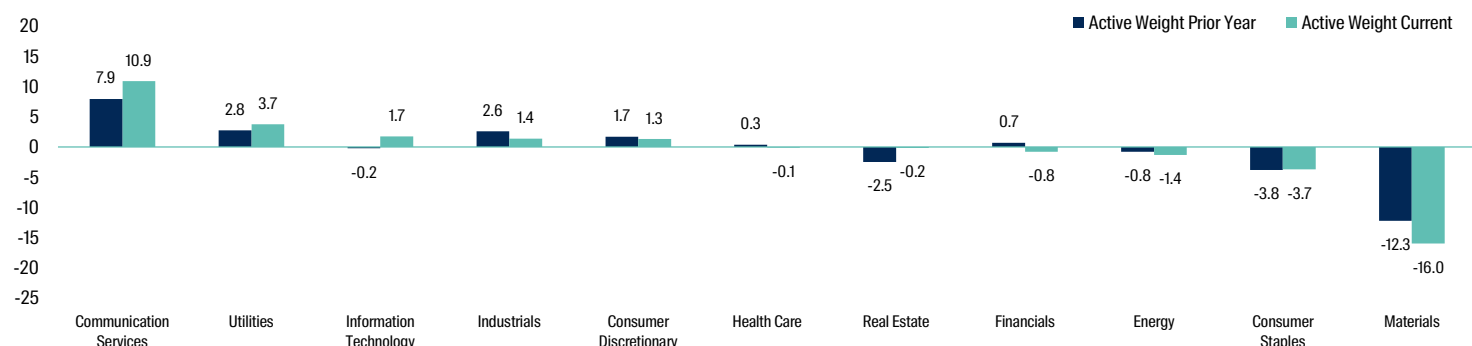
Stock
Domain
IRESS
Seven Group
TPG
Webjet

Sorted alphabetically

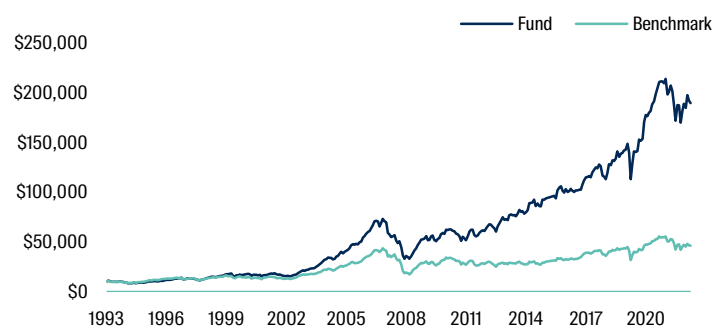
### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	20.5	17.8	18.3	16.3	15.5	16.0
Benchmark standard deviation (%)	24.6	20.3	20.7	18.4	17.3	17.0
Tracking error (%)	5.7	4.8	4.4	4.4	4.6	5.6
Fund Sharpe ratio	-0.5	1.0	0.5	0.6	0.6	0.4
Information ratio	0.8	1.2	1.5	1.0	1.4	0.9
Beta	0.8	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	21.6	35.2	48.2	54.3	66.6	

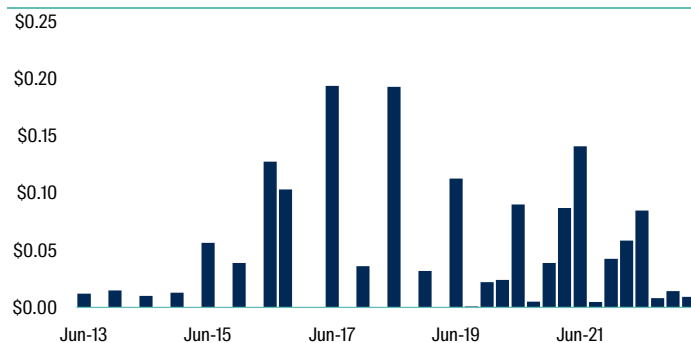
### Fund Active Sector Positions (%)



## Growth of AUD 10,000 Investment Since Inception



## Distributions



## Top 5 attributors to performance (3 months)

Sector	Attr.
Information Technology	0.76%
Communication Services	0.39%
Industrials	0.36%
Utilities	0.19%
Consumer Discretionary	0.19%

## Top 5 detractors to performance (3 months)

Sector	Attr.
Materials	-0.42%
Financials	-0.23%
Energy	-0.20%
Health Care	-0.05%
Real Estate	-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 2023

Data as at: 31 March 2023

## Market review

The S&P/ASX Small Ordinaries Accumulation Index returned 1.9% during the March quarter, underperforming the S&P/ASX 200 Accumulation Index which returned 3.5%. The S&P/ASX Small Industrials Index returned 1.4% and the S&P/ASX Small Resources Index returned 2.9%. The Gold sub industry returned 7.2%.

Quarterly returns from economic sectors in the S&P/ASX Small Ordinaries Index were mixed. Consumer Discretionary (9.4%) was the best performing sector, followed by Health Care (8.7%), Communication Services (4.7%), Materials (4.3%), and Industrials (2.1%). Real Estate (-4.7%) was the quarter's worst performing sector. Other sectors to finish in negative territory were IT (-4.3%), Financials (-3.8%), Energy (-3.2%), and Consumer Staples (-0.8%).

## Fund performance

Among the top contributors to relative performance were:

**Domain Holdings** (overweight)

The share price rose during the quarter as it continued to recover from touching multi-year lows in late December 2022, as the outlook for the residential housing market stabilised.

**Corporate Travel Management** (overweight)

The share price rose during the quarter after dipping to multi-year lows in December as China re-opened its borders to international travellers.

**Technology One** (overweight)

The share price was resilient after the company provided a positive update on its product pipeline for the year ahead at its AGM in February.

Among the main detractors to relative performance were:

**Liontown Resources** (not held)

The share price rallied at quarter-end following an unsolicited takeover proposal from Albemarle. The Liontown board rejected the proposal on the grounds it undervalued the company.

**Insignia Financial** (overweight)

The share price fell along with its peers as the company's leverage to equity market movements weighed on the share price.

**Neuren Pharmaceuticals** (not held)

The share price was stronger after the company announced US Food and Drug Administration approval of the company's DAYBUE for the treatment of Rett syndrome.

### Market outlook

At its April meeting the Reserve Bank of Australia (RBA) left the cash rate on hold, as widely anticipated. This was the first time rates were not increased at an RBA board meeting since April 2022. Some commentators suggested this may be the end of interest rates hikes and the next move will be downwards, although the persistence of inflation and the tone of other data releases will likely determine the future interest rate path.

Outside of Australia, the high-profile failure of Swiss banking giant Credit Suisse was a key development in global markets. To limit contagion risk and to restore calm, the Swiss National Bank and the local regulator hastily arranged for UBS to acquire Credit Suisse for a fraction of what the bank was worth just weeks previously. Positively, the move appeared to satisfy the market and helped alleviate contagion risk, at least in the near-term.

**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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