

# First Sentier Wholesale Australian Small Companies Fund



Formerly the Colonial First State Wholesale Australian Small Companies Fund

## Quarterly Factsheet

30 September 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	CM10111AU	
Inception date	31 December 1993	
Fund Size (AS)	662 million	
Benchmark	S&P/ASX Small Ordinaries Accumulation Index	
Number of stock holdings	58	
Buy / Sell spread	0.15% / 0.15%	
Minimum investment (AS)	5,000	
Management fees and costs (p.a.)*	1.11%	

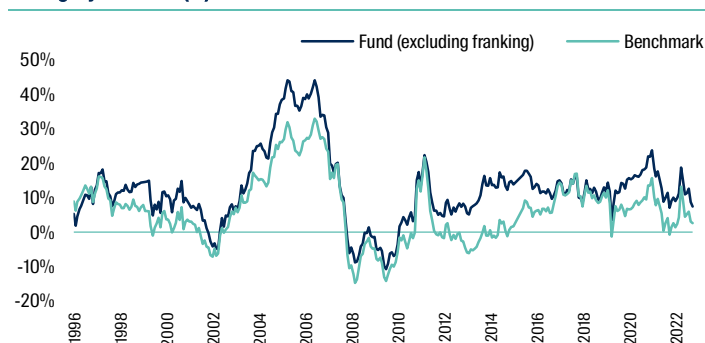
\* Information on Management fees and costs (including estimated indirect costs) is set out in the Fund's PDS.

### Performance Summary (%)

Period	3mth	1yr	3yr	5yr	7yr	10yr	SI
Net return	-2.9	10.6	7.4	8.3	8.7	10.8	10.6
Benchmark return	-1.9	6.8	2.6	1.6	4.3	5.1	5.3
Excess net return	-0.9	3.7	4.8	6.6	4.4	5.7	5.2
Income return	0.3	5.2	9.6	9.3	10.2	9.5	7.4
Growth return	-3.2	5.4	-2.2	-1.0	-1.5	1.4	3.1

Past performance is not a reliable indicator of future performance.

### Rolling 3 year return (%)



### Top 5 holdings

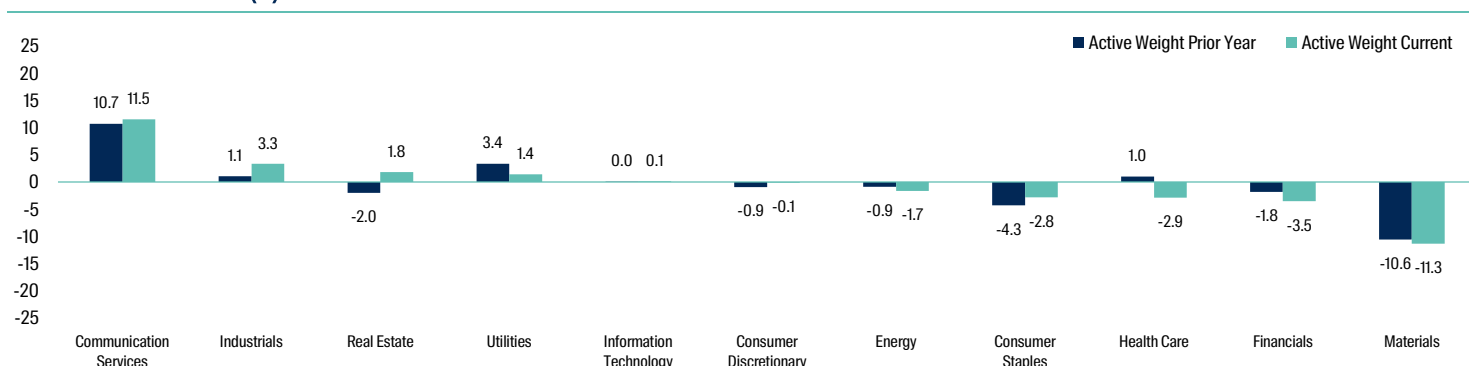
Stock
Chorus Limited
Domain
News Corp
TPG
Webjet

Sorted alphabetically

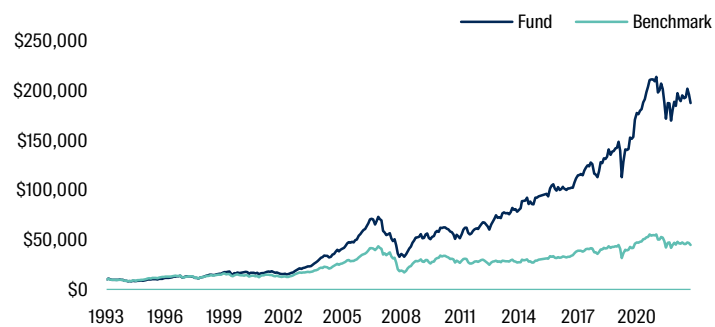
### Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	13.3	15.7	18.5	16.2	15.2	15.9
Benchmark standard deviation (%)	13.5	17.8	20.8	18.2	16.9	16.9
Tracking error (%)	3.2	4.7	4.4	4.2	4.6	5.6
Fund Sharpe ratio	0.5	0.4	0.4	0.4	0.6	0.4
Information ratio	1.2	1.0	1.5	1.0	1.2	0.9
Beta	1.0	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	23.3	29.1	42.8	50.3	62.3	

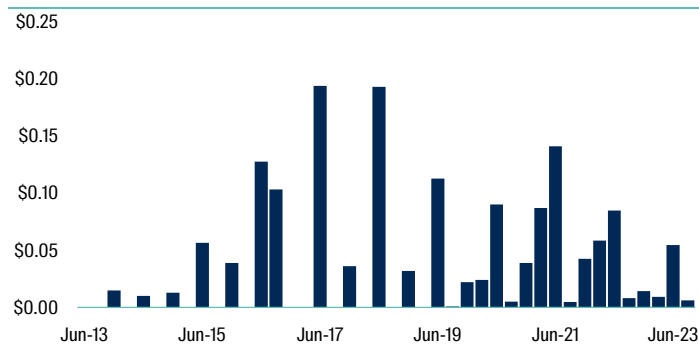
### Fund Active Sector Positions (%)



## Growth of AUD 10,000 Investment Since Inception



## Distributions



## Top 5 attributors to performance (3 months)

Sector	Attr.
Materials	1.40%
Communication Services	0.79%
Industrials	0.49%
Futures	0.04%
Financials	-0.11%

## Top 5 detractors to performance (3 months)

Sector	Attr.
Information Technology	-0.96%
Energy	-0.72%
Health Care	-0.57%
Real Estate	-0.49%
Consumer Discretionary	-0.24%

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: 30 September 2023

## Market review

The S&P/ASX Small Ordinaries Accumulation Index returned -1.9% during the September quarter, underperforming the S&P/ASX 200 Accumulation Index which returned -0.8%. The S&P/ASX Small Industrials Index returned -1.9% and the S&P/ASX Small Resources Index returned -1.9%. The Gold sub industry finished the quarter unchanged.

Quarterly returns from economic sectors in the S&P/ASX Small Ordinaries Index were mixed. Energy (27.4%) was the standout performer, followed by Communication Services (4.4%), Consumer Discretionary (3.9%), and Consumer Staples (3.6%). Real Estate (-9.3%) was the quarter's worst performer, followed by Materials (-9.2%), Health Care (-7.7%), Financials (-2.4%), Industrials (-1.2%), and IT (-0.1%).

## Fund performance

Among the top contributors to relative performance were:

**Chalice Mining** (not held)

The share price fell sharply following the release of the company's Gonneville Nickel-Copper-PGE Scoping Study in August.

**Seven Group Holdings** (overweight)

The share price rose during the quarter, supported by the company's FY23 earnings which showed resilience in earnings from its portfolio of underlying businesses.

**TPG Telecom** (overweight)

The share price rallied strongly at the end of July on the news of a potential sale of the company's non-mobile fibre assets to Macquarie-backed Vocus Group.

Among the main detractors to relative performance were:

**Iress** (overweight)

The company downgraded its FY23 guidance in August set at its strategy day four months prior. The market reacted negatively, reflecting investor concern around new management's execution of its strategy to reposition the business.

**Paladin Energy** (not held)

The share price rose into the combined strength of energy prices coupled with increasing interest in nuclear power.

**Pro Medicus** (not held)

The share price rallied in September after the company announced it had won a significant 10-year deal with US-based Baylor Scott & White valued at around A\$140m.

**Market outlook**

The new Governor of the Reserve Bank of Australia (RBA), Michele Bullock, was appointed during the quarter, but for now no changes to previous monetary policy settings are anticipated. The official cash rate was left unchanged at 4.1% at the Governor's first meeting at the helm in early October. Official cash rates have now been unchanged at the past four RBA meetings, increasing suggestions that the peak in interest rates in this cycle may have been reached. Like in other regions, however, investors are becoming much less confident that borrowing costs might start to come down in 2024.

In China, economic data continues to worsen, with slowing exports as global demand for Chinese goods has moderated. This could be a concern for neighbouring economies, as a robust Chinese economy had been expected to underpin growth in the Asia Pacific region and beyond.

**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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