First Sentier Wholesale Australian Small Companies Fund

First Sentier Investors

Formerly the Colonial First State Wholesale Australian Small Companies Fund

Quarterly Factsheet

31 March 2021

For Adviser use only

Portfolio Description

The fund invests in 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

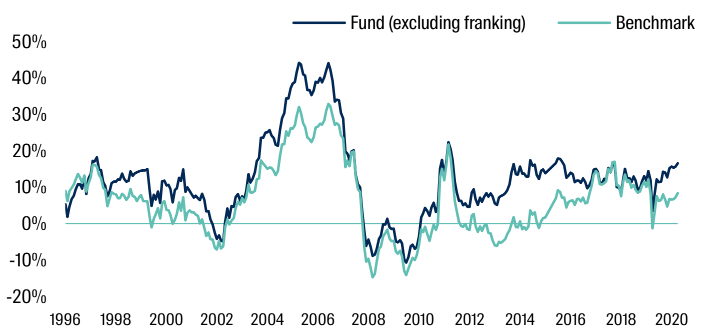
APIR code	CMI0111AU
Inception date	31 December 1993
Fund Size (A$)	689 million
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Number of stock holdings	56
Buy / Sell spread	0.15% / 0.15%
Minimum investment (A$)	5,000
Management cost (p.a.)*	1.11%

* 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	2.1	60.5	16.5	15.2	13.8	11.9	11.4
Benchmark return	2.1	52.1	8.3	10.7	8.4	4.1	6.1
Excess net return	0.0	8.4	8.2	4.5	5.4	7.8	5.3
Income return	4.2	17.6	12.3	12.8	10.3	7.9	7.3
Growth return	-2.1	42.9	4.2	2.3	3.6	4.0	4.1

Rolling 3 year return (%)



Top 5 holdings

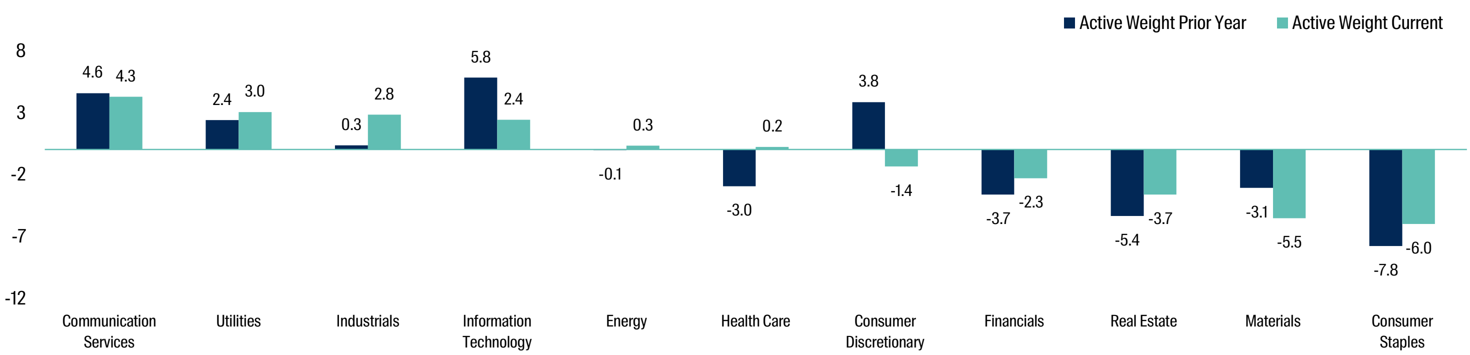
Stock
Breville
IRESS
Lynas
News Corp
Technology One

Sorted alphabetically

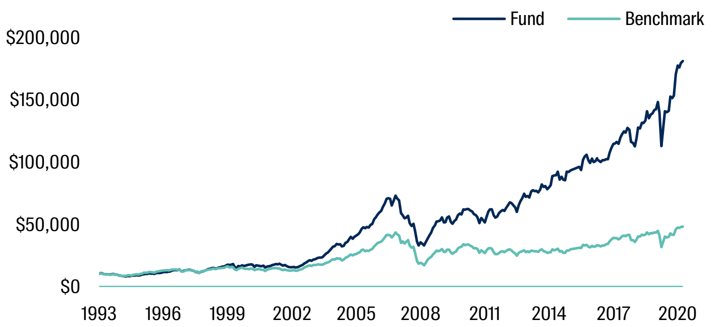
Risk Characteristics

Period	1yr	3yr	5yr	7yr	10yr	SI
Fund standard deviation (%)	17.1	19.2	16.1	15.2	15.3	15.9
Benchmark standard deviation (%)	18.3	21.1	17.6	16.6	16.7	16.7
Tracking error (%)	3.1	3.6	4.0	4.3	4.4	5.6
Fund Sharpe ratio	3.5	0.8	0.9	0.8	0.6	0.5
Information ratio	2.7	2.3	1.1	1.3	1.8	0.9
Beta	0.9	0.9	0.9	0.9	0.9	0.9
Cashflow adjusted turnover (%)	54.2	63.1	65.7	72.9	80.5	

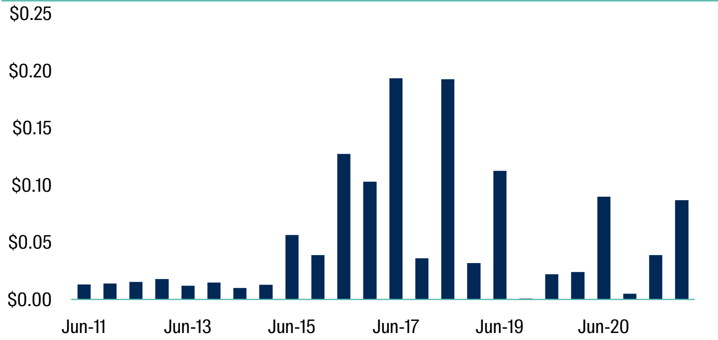
Fund Active Sector Positions (%)



Growth of AUD 10,000 Investment Since Inception



Distributions



Top 5 attributors to performance (3 months)

Sector	Attr.
Consumer Discretionary	1.16%
Materials	1.11%
Communication Services	0.64%
Industrials	0.50%
Real Estate	0.07%

Top 5 detractors to performance (3 months)

Sector	Attr.
Financials	-0.97%
Information Technology	-0.85%
Health Care	-0.59%
Consumer Staples	-0.50%
Utilities	-0.26%

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: 31 March 2021

Market review

The S&P/ASX Small Ordinaries Accumulation Index returned 2.1% during the March quarter, underperforming the S&P/ASX 200 Accumulation Index which returned 4.3%. The Small Industrials Index returned 3.3% and the Small Resources Index returned -2.8%. The Gold subsector returned -19.1%.

Communication Services (9.9%) was the best performing sector, followed by Consumer Staples (9.1%), Financials (6.9%), Consumer Discretionary (6.5%), Materials (0.7%), and Real Estate (0.0%). Industrials (-11.8%) was the worst performing sector. Other sectors to finish the quarter lower were Energy (-5.9%), Health Care (-2.3%), and IT (-0.8%).

Fund performance

Among the top contributors to relative performance were:

IDP Education (overweight)

Despite some weakness in March, the share price finished the quarter higher on vaccine-related optimism that borders will gradually re-open to international students, along with first half results released in February which beat expectations.

News Corporation (overweight)

The company posted a positive second-quarter results announcement in February which was well received by investors, with the strong share price momentum continuing into March to reach record highs.

Lynas (overweight)

The Lynas share price posted strong gains during the March quarter as the outlook for rare earths continues to be positive amid accelerating demand for electric vehicles in Europe and Asia.

Among the main detractors to relative performance were:

Iress (overweight)

Despite the company posting a solid result that exceeded expectations, the Iress share price came under pressure in late February.

Virgin Money UK (not held)

The share price rose after the release of the company's first quarter update. Investor confidence was buoyed by the re-opening of the UK economy, combined with an improved outlook for operating margins following a troughing of the interest rate cycle.

Harvey Norman (not held)

The share price performed well during the quarter as the company was a beneficiary of the COVID environment and reported a strong result at the end of February, with profit before tax more than doubling on the previous year.

Market outlook

The rollout of Covid-19 vaccines will likely remain the key focus in the weeks and months ahead. The encouraging progress made thus far suggests social distancing restrictions can be lifted during the course of this year, along with the reopening of international borders, paving the way for a strong rebound in economic growth and company profitability.

The Australian economy appears to be on track to regain all of its lost ground in the coming months to be at pre-pandemic levels. For now, the recovery is outpacing that in most other major economies and is helping support both business and consumer confidence. Australia's employment trends are encouraging, and rising commodity prices should help support Federal and State tax revenues.

In the US, the latest stimulus payments to US households were distributed, which boosted consumer confidence. The additional funds should help support spending while virus-related restrictions remain in place.

China released a commitment to have at least 20% of its energy use sourced from non-fossil fuels, such as wind and solar farms, by 2025. The revised target may result in additional investment opportunities among companies exposed to the renewable energy theme.

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

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