

Fund Description

The Fund invests in a diversified group of specialist Australian smaller company fund managers. Investments are in smaller companies listed on the Australian Stock Exchange, which are generally defined to be companies other than those in the top 100 companies by market capitalisation. Smaller companies can more readily offer diversification across a number of industries than larger companies. They also tend to perform differently at different stages of the business cycle than larger companies. Smaller companies are often more flexible with less bureaucratic management. This may allow them to respond to market opportunities more quickly and to deliver higher growth than larger company shares over the longer term. However, smaller company shares tend to be more volatile in their performance and may also be difficult to buy and sell from time to time.

It is recommended that investment in this Fund be undertaken for at least five to seven years. Share investment can be volatile over the short-term.

Fund Classification Core/Diversified **Sector** Specialist/Satellite

Manager Commentary

The Small Ordinaries Index gained 3.7% in May, out-performing the broader market, which rose around 1.2%. Over the rolling year, the Small Ordinaries Index rose a solid 25.4%, out-performing the broader market, which gained around 10.0%. Within the small-cap sector, the Industrials sector gained 3.8% out-performing the Resources sector, which gained around 3.2% during May. The micro-cap sector only rose by 1.4%.

The Fund under-performed the benchmark by 0.8% in May with a rise of 2.9%. Only 2 out of the 6 managers out-performed the index during the month. QVG, the Fund's newly appointed micro-cap manager, performed the best with a gain of 8.4%. Over the rolling year, the Fund also under-performed the index, rising 19.4% against an index gain of 25.4%. Over the year, the best performing managers included one of the Fund's other micro-cap managers, Ausbil (+35.5%) and Pental (formerly known as BT) (+27.9%), which beat the index return of 25.4%. Over longer-term periods (over 4 years), however, the Fund out-performed the benchmark.

Fund Performance and Risk Analytics Summary



Current Period Return (net of fees as at 31 May 2018)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund	2.9%	2.4%	7.0%	19.4%	10.1%	13.8%	8.3%
Index	3.7%	4.1%	6.9%	25.4%	11.6%	9.7%	1.3%
Excess	-0.8%	-1.7%	0.1%	-6.0%	-1.5%	4.1%	7.0%

Risk Exposure

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
Fund Volatility (Std Dev %)	6.9%	10.5%	11.1%	16.7%
Benchmark (Std Dev %)	6.6%	10.3%	11.0%	16.0%
Beta	0.98	0.89	0.87	0.92
Tracking Error (% pa)	4.8%	5.7%	5.9%	5.9%

Calendar Year Return (net of fees)

	2010	2011	2012	2013	2014	2015	2016	2017
Fund	10.4%	-14.1%	24.1%	21.9%	6.8%	23.1%	7.1%	13.2%
Index	13.1%	-21.4%	6.6%	-0.8%	-3.8%	10.2%	13.2%	20.0%
Excess	-2.6%	+7.3%	+17.5%	+22.7%	+10.7%	+12.9%	-6.1%	-6.8%

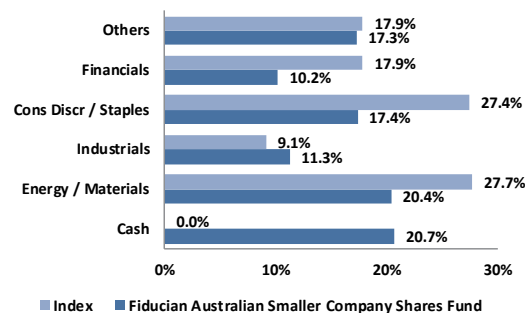
Fund Facts

Portfolio Manager: Conrad Burge
Asset Sector: Australian Small Cap Equity
Asset Code: SC3
ARSN: 093 542 020
APIR Code: FPS0008AU
Benchmark: S&P/ASX Small Ordinaries
Inception Date: March 1997
Fund Size: \$193.5 mil as at 31 May 2018
Application/Exit Fee: Nil
Management Fee: 1.50%

Style Tilts

Managers	Style	No. of Stocks	Weight
Adam Smith	Value	51	10%
Ausbil	Micro-Cap	47	20%
BT	Value	68	18%
Novaport	Value	45	22%
Phoenix	Micro-Cap	45	6.3%
QVG	Micro-Cap	42	21%
Cash			2.8%

Sector Weights



Top Holdings

Stocks	Weight
SMARTGROUP CORP LTD	2.8%
AURELIA METALS LTD	2.5%
SARACEN MINERAL HOLDINGS LIMITED	1.8%
EMECO HOLDINGS LIMITED	1.8%
NINE ENTERTAINMENT CO HOLDINGS	1.8%
AUB GROUP LIMITED	1.7%
BINGO INDUSTRIES LTD	1.7%
GTN LTD	1.6%
SERVICE STREAM LIMITED	1.6%
IDP EDUCATION LTD	1.4%
NUFARM LIMITED	1.4%
BAPCOR LTD	1.3%
LYNAS CORPORATION LIMITED	1.3%
RELiance WORLDWIDE CORP LTD	1.3%
COSTA GROUP HOLDINGS LTD	1.2%
INDEPENDENCE GROUP NL	1.2%
WEBJET LIMITED	1.2%
FAIRFAX MEDIA LIMITED	1.2%
IMDEX LIMITED	1.1%
SINO GAS AND ENERGY HOLDINGS LTD	1.1%
TOTAL	31.0%