

## 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 a solid 3.9% in November, out-performing the broader market, which rose around 1.9%. Within the small-cap sector, the Industrials sector gained 2.8% but under-performed the Resources sector, which rose 8.1%. The micro-cap sector also gained a solid 4.2% in November.

The Fund under-performed the benchmark in November with a gain of around 2.1%. All managers were behind the benchmark, with Ausbil (+3.0%) and BT (+2.8%) performing the best. Over the rolling year to end-November, the Fund, was behind the index, rising 12.2% against an index gain of 20.5%. This appears to have been due to out-performance by stocks in the Resources sector, many of which are still only 'explorers' with no earnings. All managers under-performed the index over the year, with BT (+17.6%) the best performing manager. However, over longer-term periods (over 4 years), the Fund out-performed the benchmark.

## Fund Performance and Risk Analytics Summary



### Current Period Return (net of fees as at 30 November 2017)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
<b>Fund</b>	2.1%	6.8%	11.7%	12.2%	13.2%	14.3%	5.6%
Index	3.9%	11.6%	17.3%	20.5%	13.4%	7.4%	-0.6%
Excess	-1.8%	-4.8%	-5.7%	-8.3%	-0.1%	6.9%	6.2%

### Risk Exposure

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
<b>Fund Volatility (Std Dev %)</b>	11.5%	11.8%	11.4%	17.7%
Benchmark (Std Dev %)	12.1%	13.3%	13.3%	19.5%
Beta	1.01	0.87	0.88	0.93
Tracking Error (% pa)	5.6%	5.7%	6.0%	5.9%

### Calendar Year Return (net of fees)

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

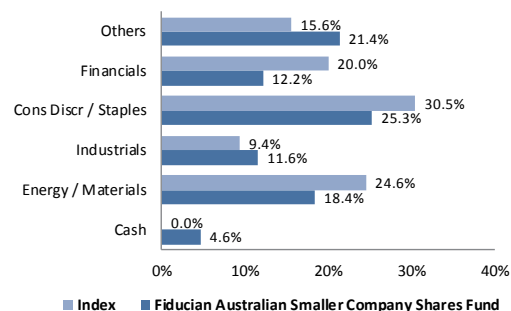
## Fund Facts

**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:** \$175.9 mil as at 30 November 2017  
**Application/Exit Fee:** Nil  
**Management Fee:** 1.50%

## Style Tilts

Managers	Style	No. of Stocks	Weight
Adam Smith	Value	51	17%
Ausbil	Micro-Cap	48	19%
BT	Value	70	25%
Novaport	Value	46	27%
Phoenix	Micro-Cap	48	7%
Cash	N/A	N/A	5%

## Sector Weights



## Top Holdings

Stocks	Weight
AUB GROUP LIMITED	2.1%
NUFARM LIMITED	1.7%
CLEANAWAY WASTE MANAGEMENT LTD	1.6%
CREDIT CORP GROUP LIMITED	1.5%
AUTOMOTIVE HOLDINGS GROUP LT	1.5%
INDEPENDENCE GROUP NL	1.3%
AVEO GROUP	1.2%
BAPCOR LTD	1.2%
HT AND E LIMITED	1.2%
G8 EDUCATION LTD	1.2%
EXPERIENCE CO LTD	1.1%
JAPARA HEALTHCARE LTD	1.1%
METALS X LIMITED	1.0%
FOLKSTONE LIMITED	1.0%
PILBARA MINERALS LTD	1.0%
IDP EDUCATION LTD	1.0%
COOPER ENERGY LIMITED	0.9%
GREENCROSS LIMITED	0.9%
KATHMANDU HOLDINGS LTD	0.9%
LYNAS CORP LTD DEFERRED DELIVERY	0.9%
<b>TOTAL</b>	<b>28.6%</b>