

### 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 3.2% in December, out-performing the broader market, which rose around 1.9%. Within the small-cap sector, the Industrials sector gained 1.5% but under-performed the Resources sector, which rose 8.9%. The micro-cap sector also gained a solid 6.0% in December.

The Fund out-performed the benchmark in December with a gain of around 4.1%. All managers bar one were in front of the benchmark, with Ausbil (+6.4%) and Novaport (+5.2%) performing the best. BT (+2.5%) was the only under-performer during the month. Over the 2017 calendar year, the Fund, was behind the index, rising 13.2% against an index gain of 20.0%. This appears to have been due to the out-performance of the Resources sector. Many managers are under-exposed to this sector, due to many stocks being 'explorers' with no reported earnings. Ausbil (+23.2%), one of the Fund's micro-cap manager, was the best performing manager for the 2017 calendar year and out-performed the index by 10.0%. All other managers under-performed the index over the 2017 calendar year. 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 31 December 2017)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
<b>Fund</b>	4.1%	9.8%	14.2%	13.2%	14.3%	14.2%	6.2%
Index	3.2%	13.7%	18.7%	20.0%	14.4%	7.4%	0.0%
Excess	0.9%	-3.9%	-4.5%	-6.8%	-0.1%	6.8%	6.2%

### Risk Exposure

	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)
<b>Fund Volatility (Std Dev %)</b>	6.3%	11.3%	11.3%	17.7%
Benchmark (Std Dev %)	8.4%	12.8%	13.4%	19.5%
Beta	1.08	0.88	0.87	0.92
Tracking Error (% pa)	5.7%	6.0%	6.3%	6.0%

### Calendar Year Return (net of fees)

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Fund</b>	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%

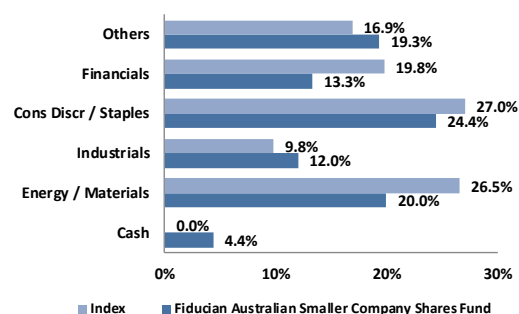
### Fund Facts

**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:** \$183.0 mil as at 31 December 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	47	20%
BT	Value	68	26%
Novaport	Value	45	26%
Phoenix	Micro-Cap	45	7%
Cash	N/A	N/A	4%

### Sector Weights



### Top Holdings

Stocks	Weight
CLEANAWAY WASTE MANAGEMENT LTD	2.0%
AUB GROUP LIMITED	1.9%
NUFARM LIMITED	1.6%
INDEPENDENCE GROUP NL	1.3%
AUTOMOTIVE HOLDINGS GROUP LT	1.3%
PEET LIMITED	1.3%
EXPERIENCE CO LTD	1.2%
CREDIT CORP GROUP LIMITED	1.2%
PILBARA MINERALS LTD	1.1%
BAPCOR LTD	1.1%
IDP EDUCATION LTD	1.1%
HT AND E LIMITED	1.1%
ACONEX LTD	1.0%
METALS X LIMITED	1.0%
FOLKSTONE LIMITED	1.0%
BINGO INDUSTRIES LTD	0.9%
JAPARA HEALTHCARE LTD	0.9%
AWE LIMITED	0.9%
COOPER ENERGY LIMITED	0.9%
AVEO GROUP	0.9%
<b>TOTAL</b>	<b>23.7%</b>