

# Australian Small and Mid-Cap Fund

APIR BEG4601AU

## Key Information Sheet – 31 January 2024<sup>1</sup>

|                            |                    |                         |                    |                   |                          |
|----------------------------|--------------------|-------------------------|--------------------|-------------------|--------------------------|
| Exit Price:                | \$1.2839           | Fund Size:              | \$381.42m          | Asset Class:      | Australian Equities      |
| Management Fees and Costs: | 1.19% <sup>2</sup> | Total ICR:              | 1.95% <sup>3</sup> | Performance Fees: | 0.76% <sup>3</sup>       |
| Inception Date:            | 08 April 2020      | Last Distribution Date: | 30 June 2023       | Time Horizon:     | Long Term (7 – 10 years) |
|                            |                    | Lastest DPU:            | \$0.002375         |                   |                          |

1. All figures are as at or referenced to this date unless stated otherwise.
2. Per annum of the Net Asset Value (NAV) of the Fund, which includes management fee, expenses and indirect costs but excludes abnormal costs or liabilities, transaction costs, or any fees paid to your adviser.
3. In addition to Management Fees and Costs, Performance Fee charged by the Underlying Strategies with an average of 0.76% p.a. of the NAV of the Fund over the 3 years to 30 June 2022 is included in the Total Indirect Cost Ratio (ICR). Actuals may be more or less than the estimates. Past indirect costs and performance-related fees are not a reliable indicator of future indirect costs and performance-related fees.

## Performance (%)<sup>4</sup>

|                              | Total Return | Benchmark <sup>5</sup> | Excess Return |
|------------------------------|--------------|------------------------|---------------|
| 1 Month                      | -0.50        | 0.45                   | -0.95         |
| 3 Months                     | 15.44        | 12.98                  | 2.46          |
| 1 Year                       | 7.35         | 4.34                   | 3.01          |
| 3 Years                      | 3.19         | 6.30                   | -3.11         |
| Since Inception <sup>6</sup> | 8.11         | 11.49                  | -3.39         |

4. Returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

5. S&P/ASX 300 ex S&P/ASX 20 TR Index.

6. Inception date 08 April 2020.

## Australian Small and Mid-Cap Fund (“ASMF” or “the Fund”)

The Fund generally gains its investment exposure by directly or indirectly investing in a portfolio of Small-Cap and Mid-Cap companies listed, or expected to be listed, on the Australian Securities Exchange. Australian Small and Mid-Cap companies are generally those companies that are outside the top 20 companies on the Australian Securities Exchange as determined by market capitalisation.

The Fund aims to be invested with multiple active Underlying Investment Manager(s) whose investment strategies emphasize performance above the benchmark while aiming to control risk.

The Fund aims to provide investors with a total investment return (after fees) that outperforms the benchmark over periods of seven years or longer.

As of the date of this report, the Fund is investing in Selector High Conviction Strategy (50%), Ophir High Conviction Strategy (20%), Acorn Emerging Growth Strategy (10%) and DNR Capital Australian Emerging Companies (20%).

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## Selector Funds Management

Selector Funds Management Limited (SFML) is a Sydney based fund manager established in 2003. SFML's team of 11 combines deep experience in financial markets with diversity of background and thought. SFML believe in long-term wealth creation and building lasting relationships with their investors. SFML is a profitable investment firm who maintains a strong balance sheet and carries no debt.

SFML has a 16-year track record of outperformance, and continues to seek businesses with leadership qualities, run by competent management teams, underpinned by strong balance sheets and with a focus on capital management. SFML focus on stock selection, the funds are high conviction, concentrated and index unaware. SFML portfolios aim to have low turnover and to produce tax effective returns.

SFML's philosophy is to invest sensibly for the long term. A bottom-up stock selection process is used to identify good businesses selling at a fair price. As a good business evolves into a great business, its underlying real earnings per share grows. SFML aims to capture as much of this earnings growth as possible over time, since this can translate into share price appreciation.

All research is undertaken in-house, extensive analysis includes management interviews, modelling of each company and industry channel checks.

## Ophir Asset Management

Ophir Asset Management Pty Ltd (Ophir) is a specialist small and mid-cap equities investment manager established in 2012 by Senior Portfolio Managers Andrew Mitchell and Steven Ng after previously co-managing capital together at a prominent privately-owned Australian boutique fund manager for a number of years.

The investment team comprises 11 investment professionals from a diverse range of background working across all Ophir funds.

Ophir currently manages two dedicated Australia and New Zealand investment strategies on behalf of institutional superannuation funds, family offices private wealth groups and individual investors.

Ophir's investment strategy seeks to provide investors with a concentrated exposure to a high-quality portfolio of growth companies listed outside S&P/ASX50. Ophir employ an extensive investment process that combines a rigorous company visitation schedule and company financial analysis.

Ophir's fundamental, bottom-up research approach is aimed at identifying businesses with the ability to meaningfully grow and compound earnings over time. Typically, the investment process will look to uncover businesses that are operating within, or about to enter, a period of structural growth and are generating cash or have a clearly identifiable pathway toward free cash flow generation. In order to identify these opportunities, the Ophir investment team spend a considerable amount of time understanding the quality of the business and the environment in which it operates.

The resulting portfolio aims to provide consistent sustainable returns for its investors.

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## Acorn Capital

Founded in 1998, Acorn Capital Limited (Acorn Capital) is a Melbourne based investment manager of Australian emerging companies (small and microcaps). Acorn Capital believes that information asymmetries can be identified and excess returns generated through research. Its deep insights into the emerging companies sector has enabled Acorn Capital to build an investment capability that seeks to identify the most attractive investment opportunities in its universe, on a risk adjusted basis, regardless of industry, stage of development or public/private status.

Acorn Capital's investment team also owns the business (in partnership with Australian Unity) and this team is committed to generating long term, attractive, risk adjusted returns. Acorn Capital manages \$0.5b on behalf of institutional, wholesale and retail investors.

Acorn Capital believes in the impact its investment activities and engagement have on society. In addition to the potential for attractive returns, Australian emerging companies can also provide investors with exposure to sectors of the economy that are compositionally and characteristically different to the exposure that they may receive from the larger capitalised companies in their portfolios. Emerging companies are often innovative and early adopters of new technologies (e.g., fintech IT, medtech) and provide an exposure to growth equity.

Acorn Capital's investment returns are primarily derived from bottom-up stock selection, while its investment strategy is style agnostic and designed to identify the most attractive opportunities by industry across both listed and unlisted companies. Returns are principally captured through capital appreciation. The investment team is organised into industry sector specialisations, which provide deep industry-specific and qualitative insights. Such expertise is of particular importance due to the relatively earlier stage of development of Australian emerging companies which limit the application of quantitative investment techniques.

## DNR Capital

Founded in 2001, DNR Capital Pty Ltd (DNR Capital) is an Australian investment management company that delivers client-focused, quality, investment solutions to institutions, advisers and individual investors.

DNR Capital offers a differentiated suite of investment strategies. Each of these strategies builds upon the core investment philosophy of investing in quality companies which are well placed to deliver investment returns through economic cycles. DNR Capital believes concentrated portfolios of quality companies maximise the opportunity for outperformance.

The DNR Capital Australian Emerging Companies strategy offers investors exposure to a long-term, Concentrated portfolio of high quality, small cap Australian listed equities.

DNR Capital believe, the small cap sector is a more inefficient part of the market, providing significant opportunities to add value utilising its detailed bottom-up investment philosophy.

DNR Capital seeks to identify good quality emerging businesses that are mispriced by overlaying DNR Capital's quality filter, referred to as the 'quality web', with a strong valuation discipline. DNR Capital defines quality companies as those with earnings strength, superior industry position, sound balance sheet, strong management and low ESG risk. The assessment of a company's quality is overlaid with a detailed valuation assessment seeking to exploit mispriced, market inefficiencies.

DNR Capital's security selection process has a strong bottom-up discipline and focuses on buying quality emerging businesses at reasonable prices. The process involves comprehensive company and industry research, company visits and meetings, and detailed valuation analysis and modelling. This information is used to assess the quality of a business and the expected return.

The portfolio construction process considers stock weightings based on the risk versus the expected return. It is also influenced by a top-down economic appraisal, sector exposures and liquidity considerations.

The investment strategy is long-only and is intended to result in a style-neutral, concentrated portfolio that is high conviction and invests over a five-year period.



# Australian Small and Mid-Cap Fund

## Contact us

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## Disclosure

Issued by Specialised Private Capital Ltd (ABN 87 095 773 390, AFSL No. 246744) trading as Centric Capital (Centric) as Responsible Entity of the Australian Small and Mid-Cap Fund (ARSN 635 323 830) ("ASMF" or "the Fund"). Please refer to the Product Disclosure Statement (PDS) for further information about ASMF.

Returns are in Australian Dollars (AUD), are calculated on the basis of end of month redemption prices, assume all distributions are reinvested and are net of fees and costs (including GST and net of RITC) unless stated otherwise. Returns do not take into account any taxes payable by an investor. Past performance is not a reliable indicator of future performance. The value of an investment may rise or fall with changes in the market. Centric does not guarantee the performance of the Fund.

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