

Yarra Global Small Companies Fund

Total returns as at 31 August 2018

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Global Small Companies Fund	5.48	8.88	28.93	12.83	16.69	10.31	7.94
MSCI World Small Cap Index in A\$ [^]	5.05	7.87	27.43	13.03	16.01	10.61	7.93
Excess Return [‡]	0.43	1.02	1.50	-0.20	0.68	-0.30	0.01

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

* Inception date of Yarra Global Small Companies Fund: November 1999.

[^] Effective 8 February 2016, the benchmark for the Yarra Global Small Companies Fund is the MSCI World Small Cap Index net of dividend withholding taxes, measured in A\$.

[‡] Excess return: The excess return figures shown represent the difference between the Fund's return and the benchmark.

Market review

The MSCI World index rose modestly in August.

US equities rose primarily due to positive economic data, including an upward revision of US second quarter GDP growth to 4.2%. Positive earnings also helped the S&P 500 touch a record high. However, equities were initially affected negatively due to trade war tensions, as the US announced a second round of tariffs on Chinese goods.

European equities fell due to trade war tensions. The Trump administration rejected a European Union (EU) offer to eliminate tariffs on automobiles. However, the United Kingdom's GDP grew at 0.4% quarter over-quarter, up from 0.2% in the first quarter and in-line with expectations.

Japanese equities fell in August as many foreign investors sold their Japanese positions during the month. This selloff was caused by concerns surrounding trade disputes between the United States and China, along with a stronger Japanese Yen hurting exports.

Portfolio attribution

The Yarra Global Small Companies Fund returned 5.48% in August, outperforming the MSCI World Small Cap (AUD, Net) Benchmark (+5.05%) by 43 bps on a net basis.

Amongst our investment themes*, Momentum contributed most positively to relative returns, followed by Management and Sentiment. Conversely, Valuation detracted the most from the relative returns followed by Quality. Meanwhile, Profitability was relatively flat for the month.

Among sectors, holdings in the Industrials sector contributed most positively to relative returns for the month. Within Industrials, our overweight position in the Professional Services industry helped the most. Conversely, holdings in the Information Technology sector detracted the most from the relative returns. Within Information Technology, an underweight position in the Software industry detracted the most from relative returns.

On an individual stock level, our overweight position in Medifast Inc, held mainly due to relatively strong momentum characteristics and sustainable sources of earnings, was the largest positive contributor to relative returns. The US health product manufacturer's stock price rose after announcing a large growth in company profits in the second quarter of 2018. This increase in profits was above consensus expectations. The company also raised its growth expectations for the second time this year, along with an announcement that the company plans to begin selling its products in Asia starting in 2019.

Conversely, our overweight position in Sydbank A/S, held mainly due to relatively favourable consensus investor sentiment, was the largest detractor from relative returns. The Danish bank's stock price fell after the company reported its second quarter earnings for 2018. The company reported revenues that were below consensus expectations.

* Refer Yarra Global Small Companies Fund PDS for further information regarding key investment themes.

Country allocation

	Portfolio %	Benchmark %	Active %
US	61.51	58.34	3.17
Japan	11.81	11.76	0.05
Canada	6.27	3.67	2.60
UK	4.12	7.06	-2.94
Switzerland	3.16	1.73	1.43
Germany	2.98	2.34	0.64
Australia	2.00	2.67	-0.67
Norway	1.86	0.73	1.13
Denmark	1.74	0.74	1.00
Sweden	1.40	2.05	-0.65
Other	3.15	8.91	-5.76

Sector allocation

	Portfolio %	Benchmark %	Active %
Consumer Discretionary	16.00	16.92	-0.92
Consumer Staples	14.69	13.51	1.18
Energy	14.16	13.88	0.28
Financials	14.00	11.67	2.33
Health Care	12.13	13.94	-1.81
Industrials	8.59	10.34	-1.75
Information Technology	6.33	4.44	1.89
Materials	6.23	7.29	-1.06
Real Estate	3.38	4.53	-1.15
Telecommunication Services	2.71	2.64	0.07
Utilities	1.78	0.81	0.97

Market cap allocation

A\$ million	Portfolio %	Benchmark %
0 - 400	0.42	0.18
400 - 750	1.89	2.36
750 - 1,500	8.95	10.07
1,500 - 7,500	66.32	67.37
7,500 - 15,000	18.63	18.84
15,000 - 50,000	3.79	1.17
>50,000	0.00	0.00

Top 10 holdings

	Portfolio %	Benchmark %	Active %
WellCare Health Plans Inc	1.34	0.22	1.12
GN Store Nord	1.21	0.11	1.10
Insperty Inc	1.19	0.07	1.12
Medifast Inc	1.16	0.04	1.13
Spirax-Sarco Engineering Plc	1.14	0.10	1.04
Genomic Health Inc	1.10	0.02	1.08
Granite Real Estate Investment	1.09	0.01	1.08
Assured Guaranty Ltd	1.06	0.07	0.99
Logitech International SA	1.06	0.12	0.94
SVB Financial Group	1.05	0.00	1.05

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Income and growth

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Growth return	28.29	11.93	16.03	9.68
Distribution return	0.64	0.90	0.65	0.63

The Growth Return is measured by the movement in the Fund's units price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include capital distributions.

Features

Investment objective	To achieve medium-to-long term capital growth through exposure to smaller companies globally. In doing so, the aim is to outperform the MSCI World Small Cap Index net of dividend withholding taxes, measured in A\$ over rolling three year periods.	
Recommended investment time frame	5 - 7 + years	
Fund inception	November 1999	
Fund size	A\$76.28 mn as at 31 August 2018	
APIR code	JBW0103AU	
Estimated management cost	1.25% p.a.	
Buy/sell spread	+/- 0.10%	
Number of holdings	325 as of 31 August 2018	
Platform availability	North Asgard BT Wrap Colonial FirstWrap IOOF Pursuit Select Macquarie Wrap Accumulator Macquarie Wrap Consolidator	OnePath PortfolioOne Oasis OneVue Hub24 uXchange

Investment performance comparison of \$50,000

After fees, since inception of the Yarra Global Small Companies Fund, November 1999 to August 2018.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit to exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the benchmark is for comparative purposes only. Index returns do not allow for transactional, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index.

Applications and contacts

Investment into the Yarra Global Small Companies Fund can be made by Australian resident investors only.

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