

# Yarra Global Small Companies Fund

## Gross returns as at 28 February 2019

	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	6.85	7.97	10.74	15.93	12.59	15.21	8.88
MSCI World Small Cap Index in A\$ <sup>^</sup>	6.33	6.59	8.63	13.79	11.25	13.49	7.39
Excess Return <sup>‡</sup>	0.52	1.38	2.11	2.14	1.34	1.72	1.49

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 gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

## Net returns as at 28 February 2019

	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	6.75	7.64	9.37	14.50	11.11	13.65	7.37
MSCI World Small Cap Index in A\$ <sup>^</sup>	6.33	6.59	8.63	13.79	11.25	13.49	7.39
Excess Return <sup>‡</sup>	0.42	1.05	0.74	0.71	-0.14	0.16	-0.02

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

<sup>^</sup> 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\$.

<sup>‡</sup> 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 in February.

US equities rose after officials from the US and China discussed potential flexibility regarding the original March 1st deadline for tariff adjustments between the two countries. These talks were seen as a productive indicator of easing trade tensions between the two nations.

Data released by Eurostat showed manufacturing activity under pressure throughout the Eurozone. The overall Eurozone manufacturing purchasing managers' index for February fell for the seventh-consecutive month. The index fell to 49.2, its lowest reading since 2012. In Spain, Prime Minister Pedro Sanchez announced snap general elections to be held on April 28th.

Japanese equities were boosted as the country's GDP growth rate in the fourth quarter of 2018 was in line with market expectations. This growth was driven by a rebound in capital expenditure and consumer spending, per the Statistics Bureau.

### Portfolio attribution

The Yarra Global Small Companies Fund returned +6.75% in February 2019, outperforming its benchmark, MSCI World Small Cap in AUD (net) (+6.33%) by 42 bps on a net basis.

Among investment themes\*, Sentiment contributed most positively to relative returns followed by Momentum, Quality and Management. Conversely, Valuation was the sole significant detractor from relative returns, while Profitability was relatively flat for the period.

Among sectors, holdings in the Materials sector contributed most positively to relative returns. Within Materials, an underweight position in the Metals & Mining industry was the largest contributor. Conversely, holdings in the Health Care sector detracted the most from relative returns. Within Health Care, an overweight position in the Biotechnology industry was the biggest detractor.

At an individual stock level, our overweight position in Insight Enterprises Inc, held primarily due to relatively inexpensive valuations and favourable consensus investment sentiment, contributed most positively to relative returns. The stock price of the American technology company increased during the period after reporting their financial results in the fourth quarter of 2018. The firm reported earnings per share that were above consensus estimates.

Meanwhile, our overweight position in Neurocrine Biosciences Inc, held primarily due to relatively favourable investment sentiment and inexpensive valuations, detracted the most from relative returns. The stock price of the American

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

biopharmaceutical company fell during the period after reporting their financial results for the fourth quarter of 2018. The firm reported the revenue of approximately \$132 million, which was below consensus expectations.

## Country allocation

	Portfolio %	Benchmark %	Active %
US	60.88	58.14	2.74
Japan	11.85	11.68	0.17
Canada	6.53	3.67	2.86
Germany	4.38	2.23	2.15
UK	4.18	7.27	-3.09
Switzerland	2.69	1.65	1.04
Italy	1.72	1.40	0.32
Denmark	1.34	0.67	0.67
Netherlands	1.18	1.04	0.14
Sweden	1.03	2.04	-1.01
Other	4.22	10.21	-5.99

## Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	5.26	3.55	1.71
Consumer Discretionary	9.77	11.66	-1.89
Consumer Staples	4.18	4.34	-0.16
Energy	4.59	3.73	0.86
Financials	13.37	14.31	-0.94
Health Care	13.21	11.08	2.13
Industrials	15.10	16.98	-1.88
Information Technology	15.51	13.35	2.16
Materials	5.72	7.24	-1.52
Real Estate	10.45	10.98	-0.53
Utilities	2.84	2.76	0.08

## Market cap allocation

A\$ million	Portfolio %	Benchmark %
0 - 400	0.48	0.33
400 - 750	2.02	3.24
750 - 1,500	8.65	10.93
1,500 - 7,500	65.72	67.15
7,500 - 15,000	22.64	17.80
15,000 - 50,000	0.50	0.55
>50,000	0.00	0.00

## Top 10 holdings

	Portfolio %	Benchmark %	Active %
Kirkland Lake Gold Ltd	1.19	0.12	1.07
GN Store Nord	1.18	0.11	1.07
Nexstar Media Group Inc	1.11	0.07	1.03
Hill-Rom Holdings Inc	1.11	0.12	0.99
Insight Enterprises Inc	1.10	0.03	1.07
Berry Global Group Inc	1.10	0.11	0.99
Allison Transmission Hldng	1.10	0.10	1.00
White Mountains Insurance	1.07	0.05	1.02
Portland General Elec. Co	1.06	0.07	0.99
Rheinmetall AG	1.05	0.08	0.97

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	8.83	13.58	10.49	13.00
Distribution return	0.54	0.92	0.62	0.65

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\$67.16 mn as at 28 February 2019	
APIR code	JBW0103AU	
Estimated management cost	1.25% p.a.	
Buy/sell spread	+/- 0.10%	
Number of holdings	306 as of 28 February 2019	
Platform availability	North	OnePath
	Asgard	PortfolioOne
	BT Wrap	Oasis
	Colonial FirstWrap	OneVue
	IOOF Pursuit Select	Hub24
	Macquarie Wrap	uXchange
	Accumulator	
	Macquarie Wrap	
	Consolidator	

## Investment performance comparison of \$50,000

After fees, since inception of the Yarra Global Small Companies Fund, November 1999 to February 2019.



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.

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## Applications and contacts

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

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