

# Yarra Global Small Companies Fund

## Gross returns as at 31 March 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	-0.32	13.51	8.89	15.41	13.11	15.63	8.82
MSCI World Small Cap Index in A\$ <sup>^</sup>	-0.48	12.70	6.37	13.36	11.95	13.57	7.33
Excess Return <sup>‡</sup>	0.16	0.81	2.53	2.05	1.17	2.06	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 31 March 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	-0.42	13.17	7.55	13.98	11.63	14.06	7.31
MSCI World Small Cap Index in A\$ <sup>^</sup>	-0.48	12.70	6.37	13.36	11.95	13.57	7.33
Excess Return <sup>‡</sup>	0.05	0.46	1.18	0.62	-0.31	0.49	-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 moderately in March, ending the quarter significantly up.

US equities were relatively flat in March, largely due to mixed economic data. Both the Markit manufacturing purchasing manager's index and industrial production were both at levels below expectations for the month. However, per the Bureau of Labor statistics, unemployment decreased by more than expected in March.

Within Europe, the European Central Bank's Governing Council released a downward revision of growth and inflation forecasts in March. However, these revisions were less than consensus expectations, boosting equities.

Japanese equities faced multiple headwinds in the latter half of the quarter as exports fell year-on-year in February more than consensus expectations, per the Ministry of Finance. This marked a third straight month of decreasing exports, driven by the decline in semiconductor equipment exports.

### Portfolio attribution

The Yarra Global Small Companies Fund returned -0.36% in March 2019, outperforming its benchmark, MSCI World Small Cap in AUD (net) (-0.48%) by 11 bps on a gross basis.

Among investment themes, our factors within the Themes and Trends pillar contributed most positively to relative returns followed by factors within Sentiment Analysis. Conversely, factors within Fundamental Mispricings detracted the most from relative returns. Meanwhile, factors within High-Quality Business Models were relatively flat for the period.

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

At an individual stock level, our overweight position in Core-Mark Holding Co Inc., held primarily due to relatively sustainable sources of earnings and favourable investment sentiment, contributed most positively to relative returns. The stock price of the American distributor & marketer of consumer goods rose during the period after reporting their financial results for the fiscal year 2018. The firm reported sales and EPS figures which were above consensus estimates.

Meanwhile, our overweight position in Kirkland Lake Gold Ltd., held primarily due to relatively favourable investment sentiment and strong momentum characteristics detracted

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

the most from relative returns. The stock price of the Canadian gold mining & exploration company decreased during the period as consensus investor sentiments worsened for gold stocks. The recent appreciation in the US dollar valuation and a halt in U.S. Treasury yields slides negatively impacted the gold stocks including Kirkland Lake.

## Country allocation

	Portfolio %	Benchmark %	Active %
US	60.95	57.98	2.97
Japan	12.26	11.74	0.52
Canada	5.39	3.58	1.81
Germany	4.37	2.27	2.10
UK	4.34	7.30	-2.96
Italy	2.41	1.42	0.99
Denmark	2.19	0.67	1.52
Switzerland	1.86	1.67	0.19
Netherlands	1.14	1.03	0.11
Australia	0.90	2.84	-1.94
Other	4.19	9.50	-5.31

## Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	15.60	13.34	2.26
Consumer Discretionary	15.16	16.77	-1.61
Consumer Staples	13.28	11.27	2.01
Energy	12.96	13.72	-0.76
Financials	10.27	11.47	-1.20
Health Care	9.69	11.44	-1.75
Industrials	5.34	3.65	1.69
Information Technology	5.23	7.12	-1.89
Materials	4.71	3.93	0.78
Real Estate	4.70	4.40	0.30
Utilities	3.06	2.86	0.20

## Market cap allocation

A\$ million	Portfolio %	Benchmark %
0 - 400	0.46	0.40
400 - 750	2.53	3.43
750 - 1,500	8.34	10.76
1,500 - 7,500	66.98	66.23
7,500 - 15,000	21.13	17.88
15,000 - 50,000	0.56	1.29
>50,000	0.00	0.00

## Top 10 holdings

	Portfolio %	Benchmark %	Active %
Nexstar Media Group Inc	1.11	0.08	1.02
GN Store Nord	1.08	0.11	0.98
Neurocrine Biosciences Inc	1.07	0.13	0.94
Hill-Rom Holdings Inc	1.06	0.12	0.94
Portland General Elec. Co	1.05	0.08	0.97
Sinclair Broadcast Group Inc	1.02	0.05	0.98
White Mountains Insurance Grp	1.01	0.05	0.96
HubSpot Inc	1.00	0.10	0.89
Delek US Holdings Inc	0.99	0.05	0.94
Popular Inc	0.98	0.09	0.89

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	7.02	13.07	11.01	13.41
Distribution return	0.53	0.91	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\$71.54 mn as at 31 March 2019	
APIR code	JBW0103AU	
Estimated management cost	1.25% p.a.	
Buy/sell spread	+/- 0.10%	
Number of holdings	320 as of 31 March 2019	
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 March 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.

**Website** [www.yarracm.com](http://www.yarracm.com)

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## Disclaimers

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