

# Yarra Global Small Companies Fund

## Gross returns as at 31 August 2022

	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	-2.85	-2.76	-10.08	6.12	9.63	15.27	8.65
MSCI World Small Cap Index in A\$ <sup>^</sup>	-1.53	-0.57	-13.69	6.49	8.58	13.47	7.28
Excess Return <sup>‡</sup>	-1.33	-2.19	3.61	-0.38	1.05	1.80	1.37

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 August 2022

	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	-2.96	-3.06	-11.19	4.81	8.27	13.78	7.17
MSCI World Small Cap Index in A\$ <sup>^</sup>	-1.53	-0.57	-13.69	6.49	8.58	13.47	7.28
Excess Return <sup>‡</sup>	-1.43	-2.49	2.50	-1.69	-0.30	0.31	-0.11

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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 slipped moderately in August.

The US equity markets started the month on a positive note, but reversed course in the second half as recession fears weighed on investors. The Federal Reserve Chair Jerome Powell's resolutely hawkish address to the investors at Jackson Hole, which proved to be the trigger for the strong reversal, was loud and clear that the central bank is most likely to keep the interest rates lofted.

European equities were also driven down throughout August. Russia's decision to halt gas flows through its main supply pipelines to Europe has intensified energy concerns, resulting in soaring electricity costs and fears over energy rationing in the coming months.

Meanwhile, Japanese equities gained slightly in the month, driven by strong quarterly results. Following decades of deflation, there are indications that Japanese inflation may be stabilising at a moderate but sustainable rate.

### Portfolio review

The Yarra Global Small Companies Fund returned -2.96% during the period, underperforming its benchmark, the MSCI World Small Cap in AUD (net) (-1.53%) by 143 bps on a net basis.

Among our investment themes\*, signals within the High-Quality Business Models pillar detracted during the period. Our signals within Themes and Trends, Sentiment Analysis, and Fundamental Mispricings also hurt us.

Our factors looking at Management Quality within the High-Quality Business Models pillar hurt us. These factors aim to identify companies with strong management teams that are able to generate value for their shareholders. Moreover, within Themes and Trends, our signals gauging Industry Momentum detracted during the period. Meanwhile, our Investor Sentiment related factors hurt the performance of our Sentiment Analysis pillar. Lastly, within Fundamental Mispricings, our signals evaluating Relative Valuation detracted from relative returns.

Among sectors, our holdings within the Health Care sector detracted the most from relative performance, with our overweight position within the Biotechnology industry being especially challenged. On the upside, holdings within the Consumer Discretionary sector contributed the most to excess returns, with our overweight position within the Specialty Retail industry contributing particularly strongly.

At an individual stock level, our overweight position in NexPoint Residential Trust Inc, held primarily due to our views

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

on High-Quality Business Models related factors did not do well. Conversely, our overweight position in NS United Kaiun Kaisha Ltd, held primarily due to our views around Themes and Trends related factors, performed well.

Among countries, our overweight position in US detracted the most from relative performance. On the other hand, our underweight position in UK helped us during the period.

## Country allocation

	Portfolio %	Benchmark %	Active %
United States	62.76	60.96	1.80
Japan	13.58	10.86	2.72
United Kingdom	3.76	5.52	-1.76
Norway	3.12	0.84	2.28
Sweden	2.59	1.91	0.68
France	2.32	1.19	1.13
Germany	2.10	1.51	0.59
Australia	2.02	3.86	-1.84
Canada	1.97	4.07	-2.10
Denmark	1.46	0.66	0.80

## Market cap allocation

A\$ million	Portfolio %	Benchmark %
0 - 400	0.00	0.20
400 - 750	5.07	2.15
750 - 1,500	15.73	9.42
1,500 - 7,500	60.21	62.15
7,500 - 15,000	15.54	21.73
15,000 - 50,000	3.44	4.34
>50,000	0.00	0.00

## Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	1.88	2.83	-0.95
Consumer Discretionary	12.13	12.12	0.01
Consumer Staples	5.22	4.82	0.40
Energy	3.84	5.40	-1.56
Financials	15.14	14.06	1.08
Health Care	11.79	10.80	0.99
Industrials	18.47	18.73	-0.26
Information Technology	11.68	11.34	0.34
Materials	5.91	7.39	-1.48
Real Estate	10.83	9.38	1.45
Utilities	3.12	3.13	-0.01

## Top 10 holdings

	Portfolio %	Benchmark %	Active %
Life Storage Inc	1.20	0.15	1.05
Murphy USA Inc	1.15	0.10	1.05
Group 1 Automotive Inc	1.09	0.04	1.04
Autonation Inc	1.06	0.07	0.98
First Industrial Realty Trust	1.04	0.10	0.95
Encore Wire Corp	1.03	0.04	0.99
National Storage Affiliates	1.02	0.06	0.96
Stolt-Nielsen Ltd	1.01	0.01	1.01
Medpace Holdings Inc	0.99	0.06	0.93
CubeSmart	0.99	0.15	0.84

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	-12.11	3.88	7.55	13.06
Distribution return	0.92	0.93	0.73	0.72

The Growth Return is measured by the movement in the Fund's unit 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\$42.9 mn as at 31 August 2022	
APIR code	JBW0103AU	
Estimated management cost	1.25% p.a.	
Buy/sell spread	+/- 0.10%	
Number of holdings	399 as at 31 August 2022	
Platform availability	AMG Freedom of Choice Asgard BT Panorama Grow Wrap Hub24	I00F Pursuit Macquarie Wrap Mason Stevens Oasis uXchange

## Investment performance comparison of \$50,000

After fees, since inception of the Yarra Global Small Companies Fund, November 1999 to August 2022.



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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