

BETASHARES AUSTRALIAN SMALL COMPANIES SELECT FUND (MANAGED FUND) ASX: SMLL Quarterly Report - September 2020

Performance ¹	1 Month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Inception ² % p.a.
Fund Return (net)	-1.74%	9.67%	38.38%	0.30%	6.93%	6.67%
Growth return	-1.74%	8.36%	36.72%	-2.22%	3.43%	3.61%
Income return	0.00%	1.31%	1.66%	2.52%	3.50%	3.06%
S&P/ASX Small Ordinaries Accumulation Index	-2.82%	5.67%	30.93%	-3.33%	6.53%	6.64%
Active Return	1.08%	4.00%	7.45%	3.63%	0.40%	0.03%

Past performance is not a reliable indicator of future performance.

¹ Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

² Inception date for the Fund is 7th April 2017.

Investment objective

The Fund aims to provide investors with capital growth and income from a portfolio of small company shares listed on the ASX. The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index (Index) over the medium to long term (after fees and expenses).

Responsible entity

BetaShares Capital Ltd

Investment strategy

The Fund's assets are invested in a portfolio of high quality, profitable small companies that are drawn from a universe of ASX-listed stocks that are generally within the 101-350 largest by market capitalisation. The portfolio typically consists of 50-100 stocks.

The portfolio is constructed using a series of screens that aim to identify companies with positive earnings and a strong ability to service debt. Relative valuation metrics and price momentum are also evaluated as part of the stock selection process. In addition, liquidity is taken into account with a view to selecting stocks that are more liquid relative to other small companies. The Fund does not track a published benchmark.

Distribution frequency

Semi-annual

Suggested minimum investment timeframe

At least five years

Fund Facts

Inception Date	7-Apr-17
Fund Size	\$39.00m
Historical Tracking Error	4.26%
ASX Code	SMLL
Bloomberg Code	SMLL AU Equity
IRESS Code	SMLL.ASW

Fees

	% p.a.
Management fees	0.32
Recoverable expenses	0.07
Performance fee ¹	15.5

¹ A performance fee may be payable.

This fee is 15.5% of the Fund's performance above the performance benchmark in a calendar quarter.

Top 5 positions ¹	%	Asset Allocation ¹	Actual %	Range %
WISETECH GLOBAL LTD	5.0	Security	96.9	90-100
APPEN LTD	4.1	Cash	3.1	0-10
OZ MINERALS LTD	4.1	¹ Average over the quarter		
MINERAL RESOURCES LTD	3.3			
HARVEY NORMAN HOLDINGS LTD	3.0			

¹ Excludes any small cap ETFs which may be used from time to time for cash management purposes.

Sector exposure ¹	Fund Weight % ²	Index Weight % ²	Active Weight %
Materials	22.2	20.8	1.4
Consumer Discretionary	20.9	17.1	3.8
Information Technology	16.5	7.2	9.3
Real Estate	12.8	12.9	-0.2
Industrials	11.8	8.8	3.0
Financials	6.4	10.7	-4.2
Healthcare	3.2	7.4	-4.2
Communication Services	3.1	5.8	-2.6
Consumer Staples	3.1	6.9	-3.8
Energy	0.0	2.4	-2.4
Utilities	0.0	0.0	0.0
TOTAL	100.00	100.00	0.00

¹ Excludes any small cap ETFs which may be used from time to time for cash management purposes.

² As at 30 September 2020

Fund performance summary

The Index returned 9.67% for the quarter. The Fund outperformed the Index by 4.00% over this period. Of this 2.28% relative out-performance, sector allocation contributed 1.71%, while stock selection contributed 0.57%.

Top contributors and detractors from sector allocation

Sector Name	Active Weight %	Index Return %	Sector Contribution %
Materials	0.8	2.9	2.06
Information Technology	7.8	2.0	0.97
Industrials	4.5	2.9	0.66
Consumer Staples	-4.3	1.7	0.07
Utilities	-0.3	-2.1	0.01
Financials	-4.3	0.9	-0.54

Sector overweight in Materials and Information Technology were positive contributors to sector allocation, while underweight Financials was the largest detractor to relative performance.

Top contributors and detractors from security selection

Key contributors

Security Name	Sector	Active Wgt %	Stock Return %	Value added %
WISETECH GLOBAL LTD	Information Technology	4.8	33.3	1.39
OZ MINERALS LTD	Materials	4.0	27.8	0.98
NINE ENTERTAINMENT CO HOLDIN	Communication Services	2.0	26.5	0.51
RELIANCE WORLDWIDE CORP LTD	Industrials	1.5	29.9	0.43
HARVEY NORMAN HOLDINGS LTD	Consumer Discretionary	1.4	28.0	0.37

Key detractors

Security Name	Sector	Active Wgt %	Stock Return %	Value added %
MESOBLAST LTD	Healthcare	-1.1	56.3	-0.47
POINTSBET HOLDINGS LTD	Consumer Discretionary	-0.5	114.3	-0.36
CORPORATE TRAVEL MANAGEMENT	Consumer Discretionary	-0.5	83.1	-0.36
IDP EDUCATION LTD	Consumer Discretionary	-1.4	22.7	-0.29
NETWEALTH GROUP LTD	Industrials	-0.6	8.9	-0.28

On an individual basis, WiseTech Global (which was overweight 4.8%) was the largest contributor (returning 33.3%), and this contributed 1.39% to the relative performance. While Mesoblast (which was underweight 1.1%) was the largest detractor (returning 56.3%), and this detracted 0.47% to the relative performance.

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