

BETASHARES AUSTRALIAN SMALL COMPANIES SELECT FUND (MANAGED FUND) ASX: SMLL Quarterly Report - March 2021

Performance ¹	1 Month %	3 Months %	6 Months %	1 Year %	3 Years % p.a.	Inception ² % p.a.
Fund Return (net)	1.98%	1.39%	16.38%	61.05%	9.60%	9.92%
Growth return	1.98%	0.49%	15.34%	57.70%	6.12%	6.96%
Income return	0.00%	0.90%	1.04%	3.35%	3.48%	2.96%
S&P/ASX Small Ordinaries						
Accumulation Index	0.79%	2.09%	16.20%	52.15%	8.33%	9.85%
Active Return	1.19%	-0.70%	0.18%	8.90%	1.27%	0.07%

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	\$52.94m
Historical Tracking Error	4.28%
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 %
OZ MINERALS LTD	5.4	Security	100.0	90-100
WISETECH GLOBAL LTD	5.2	Cash	0.0	0-10
MINERAL RESOURCES LTD	4.4	¹ Average over the quarter		
HARVEY NORMAN HOLDINGS LTD	3.2			
NINE ENTERTAINMENT CO HOLDIN	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 %
Consumer Discretionary	28.0	17.3	10.7
Materials	20.6	21.2	-0.6
Real Estate	13.8	12.6	1.2
Consumer Staples	11.5	7.1	4.4
Information Technology	9.0	7.4	1.6
Industrials	6.9	6.4	0.5
Financials	5.2	13.3	-8.1
Healthcare	3.6	6.7	-3.1
Communication Services	1.4	5.7	-4.3
Energy	0.0	2.3	-2.3
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 31 March 2021

Fund performance summary

The Index returned 1.39% for the quarter. The Fund underperformed the Index by 0.70% over this period. Of this 0.70% relative underperformance, sector allocation contributed 1.30%, while stock selection detracted 2.0%.

Top contributors and detractors from sector allocation

Sector Name	Active Weight %	Index Return %	Sector Contribution %
Materials	3.5	0.7	1.22
Healthcare	-3.5	-2.3	0.54
Communication Services	3.4	6.5	0.42
Consumer Staples	-4.4	11.6	-0.38
Information Technology	8.3	-0.8	-0.93
Financials	-6.9	6.9	-1.05

Sector underweight in Healthcare and Energy were positive contributors to sector allocation, while underweight in 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 %
OZ MINERALS LTD	Materials	5.4	21.9	1.06
NINE ENTERTAINMENT CO HOLDIN	Communication Services	3.0	21.4	0.57
HARVEY NORMAN HOLDINGS LTD	Consumer Discretionary	1.7	26.4	0.40
POLYNOVO LTD	Healthcare	-0.7	-30.2	0.33
LYNAS RARE EARTHS LTD	Materials	0.7	55.0	0.28

Key detractors

Security Name	Sector	Active Wgt %	Stock Return %	Value added %
APPEN LTD	Information Technology	2.2	-35.7	-0.94
VIRGIN MONEY UK PLC - CDI	Financials	-1.1	44.7	-0.40
VOCUS GROUP LTD	Communication Services	-1.2	34.9	-0.37
ZIP CO LTD	Financials	-1.3	39.5	-0.31
WISETECH GLOBAL LTD	Information Technology	5.2	-5.4	-0.30

On an individual basis, Oz Minerals (which was overweight 5.4%) was the largest contributor (returning 21.9%), and this contributed 1.06% to the relative performance. While Appen (which was overweight 2.2%) was the largest detractor (returning -35.7%), and this detracted 0.94% from the relative performance.

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