

## Alpha Australian Small Companies - Snapshot

Morningstar Category: Australia Fund Equity Australia Mid/Small Blend  
 Inception Date: 2/04/2007

## Fund and Market Commentary

The S&P/ASX Small Ordinaries Accumulation Index rose 3.91% in November while the Alpha Small Companies Fund underperformed the benchmark. The best sector performance came from Information Technology and Energy, while Telecom Services and Financials underperformed. Since inception, the Fund has consistently outperformed its benchmark.

The Australian equity market had another month of positive return following the rally in October, despite the market ending the month with a drawdown due to the government announcing a royal commission to investigate misconduct in the broad financial services sector. The commission will cover not just banks, but also superannuation providers, starting early next year with final reports back by February 1, 2019. The e-commerce retail giant, Amazon, finally launched its online stores in Australia. In a statement, Amazon said it was the biggest launch ever given the highest amount of orders on the first day among all international launch days in history. However, Amazon Australia has yet to offer a wide range of products nor favorable prices so far compared with the existing retailers, and its debut is only stage one of its launch plan over the coming years. The labor market continues to improve with 3,700 jobs created, including 24,300 full-time jobs, while these were offset by the losses of 20,700 part-time jobs. The seasonally adjusted unemployment rate dropped 0.1% to 5.4% in October with the participation rate falling 0.1% to 65.1%. The Australian Gross Domestic Product grew 0.6% in the September quarter followed by an upwardly revised growth 0.9% last quarter, making the annualised rate to 2.8%.

In structuring the Alpha Small Companies Fund, Alpha Fund Managers seek to select managers demonstrating a proven track record in managing risk and generating long-term outperformance. Alpha Fund Managers blend these managers to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

## Top 10 Holdings - November 2017

Stock Name	Sector
Pact Group Holdings Ltd	Basic Materials
Tox Free Solutions Ltd	Industrials
Bank of Queensland Ltd	Financial Services
Shopping Centres Australasia Property Group	Real Estate
Westpac Banking Corp	Financial Services
CYBG PLC DR	Financial Services
Bendigo and Adelaide Bank Ltd	Financial Services
Z Energy Ltd	Energy
Integral Diagnostics Ltd	Healthcare
Spark Infrastructure Group	Utilities

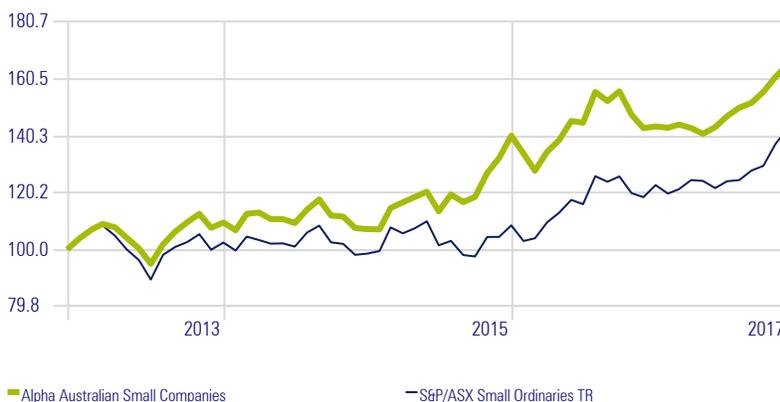
## Risk Matrix

Time Period: 1/12/2012 to 30/11/2017

	Alpha Small Companies	S&P/ASX Small Ord
Alpha	3.91	0.00
Std Dev	12.26	13.38
Sharpe Ratio	0.70	0.43
Sortino Ratio	1.15	0.67

## Investment Growth (net of fees) versus Benchmark\*

Time Period: 1/12/2012 to 30/11/2017

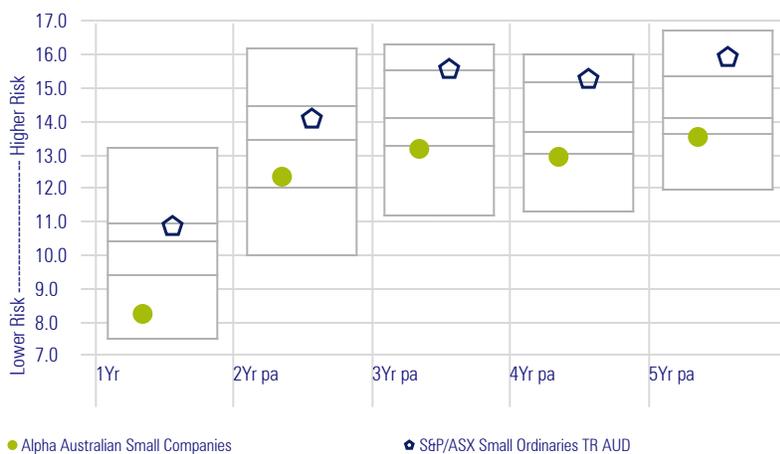


## Returns (net of fees) versus Benchmark\*

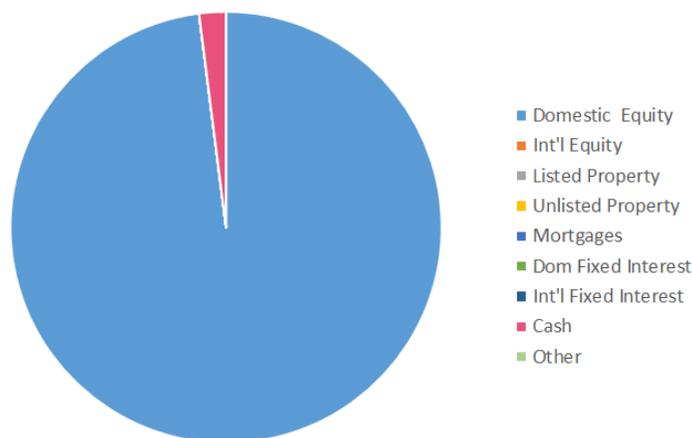
As of Date: 30/11/2017 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Australian Small Companies	2.62	8.85	15.38	15.68	11.77	15.42	11.34	10.61
S&P/ASX Small Ordinaries TR AUD	3.91	11.60	17.31	20.50	16.94	13.35	9.36	7.40

## Risk (i.e. Return Volatility) versus Benchmark



## Asset Allocation



## Investment Objective

The Alpha Australian Small Companies Fund may exhibit a relatively 'benchmark unaware' process in pursuit of superior returns, i.e. the fund may not invest into stocks just because they are in the benchmark, thus the composition and returns of the portfolio may deviate significantly from that of the benchmark.

Alpha Fund Managers seek to achieve this objective in each of the Alpha Funds by the blending of a small number of high conviction investment managers, each with a different investment process. This is done so in a complementary manner, so as to produce consistent outperformance with similar or less risk than the benchmark.

*Fund Style: Actively Managed Australian Equity Small Capitalisation Portfolio*

## Current Manager Line-up

**Investors Mutual Limited (IML)** is a specialist Australian Equities Fund Manager, established in 1998. IML's investment mantra focuses on Value and Quality stocks and seeks to buy and own companies with a competitive advantage, recurring earnings, capable management and the ability to grow at a reasonable price. IML seeks to minimize downside capture by following a set of disciplined investment principals through all cycles, has a broad cap approach and is prepared to deviate from the index.

*Manager Style: Quality Value Australian Small Cap*

**Australian Ethical** is Australia's largest dedicated ethical investment and superannuation manager listed on ASX with \$2 billion in FUM. The firm's investment charter seeks to support strong ESG business models that are ethically responsible and promote economic sustainability. The Australian Share Fund invests in companies that are aligned with the Australian Ethical Charter, which addresses labour standards, environmental and social considerations and sets out the types of activities to support and avoid.

*Manager Style: Ethical Australian Small Cap*

**OC Fund Management** is a specialist Small/Microcap manager which has been in operation since 2000 with over \$650 million in funds under management. Copia Investment Partners acts as the strategic partner supporting marketing and distribution. The OC Microcap Fund's investment philosophy is that equity markets can be emotional, backward looking and inefficient particularly among smaller companies where there can be a lot of market 'noise'. By exploiting these inefficiencies, OC aims to provide investors with strong long-term capital growth by investing in micro-cap companies with sustainable business models and attractive investment qualities.

*Manager Style: Growth Australian Micro Cap*

**Spheria Asset Management** is a fundamental-based investment manager with a bottom-up focus specializing in small and microcap companies. The Australian Microcap Fund is an actively managed portfolio investing in a broad range of high quality small companies, predominantly from Australia, where the present value of future free cash flows can be reasonably ascertained and the security is trading at discount to its intrinsic value, subject to certain risk criteria.

*Manager Style: Quality Value Australian Micro Cap*

**Ophir Asset Management** is a boutique investment firm which invests within the Australian small cap universe specifically outside the top 150 stocks. The co-founders have deep experience in this space having run similar small/microcap strategies which, combined with a nimble investment process, enables them to quickly capitalise on opportunities to maximise alpha. They are also co-investors in the fund.

*Manager Style: Quality Growth Australian Small Cap*

**Macquarie** is one of Australia's largest equities managers with over 30 years' experience managing portfolios and a global investment team of over 90 professionals located in Sydney, Hong Kong, New York, Boston and Philadelphia. The Australian small companies team utilises a focused process to identify and build a high conviction portfolio of fast growing stocks through proprietary quantitative screening, company research and changing market dynamics.

*Manager Style: Growth and Value Australian Small Cap*

## About Alpha Fund Managers

**Alpha Fund Managers'** investment philosophy is based on the premise that there are particular investment managers that have the ability to consistently generate "alpha" over the medium to long-term, and through all financial market cycles irrespective of any style bias (growth vs. value, large cap vs. small cap, etc.). "Alpha" in this context is defined as an investment manager's unique ability to select a portfolio of securities that differs from and outperforms its benchmark on a risk-adjusted basis. In other words, it is an investment manager's ability to beat the index. Alpha Fund Managers' investment process is based on a balanced approach to quantitative and qualitative research and analysis techniques to assess and select the underlying investment managers in each Alpha Fund Series fund. Alpha Fund Managers seek to add value by selecting investment managers who demonstrate a high-level of investment conviction, unique investment processes and a proven record in managing risk and generating long-term "alpha" over full market cycles. Alpha Fund Managers then blend these managers to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

## Investment Details

APIR Code	ETL0092AU
Ticker	15577
Net Assets (\$Mil)	27
Month End Price Date	30/11/2017
Month End Price	0.8158

## Purchase Information

Minimum Initial Investment	\$25,000
Minimum Balance	\$25,000
Minimum Additional Investment/Withdrawal	\$10,000
Buy-sell Spread	0.35%
Income Distribution	Half Yearly
Valuation/Unit Pricing	Daily
Management Fee	1.358%
Performance Fee	Applicable - refer to PDS on Website

## Manager Info

Alpha Fund Managers Pty Ltd  
Ph: 07 5406 5000  
Fax: 07 5443 1995  
Email: [enquiry@alphafundmanagers.com.au](mailto:enquiry@alphafundmanagers.com.au)  
Website: <http://www.alphafundmanagers.com.au>  
Level 5, 160 Queen Street  
Melbourne  
Victoria 3000

## General Advice Warning and Disclosure

This document was prepared by Alpha Fund Managers Pty Limited ("Alpha") (ABN 37 124 085 883) Corporate Authorised Representative of Infocus Securities Australia Pty Ltd ("Infocus") (ABN 47 097 797 049) AFSL No 236523 as Investment Manager of the Alpha Australian Small Companies Fund ("Fund"). Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298) AFSL 240975 is the Responsible Entity of the Fund. This information is general advice only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should consider the appropriateness of this information with regards to your objectives, financial situation and needs. We encourage you to read the Fund's product disclosure statement in full before making an investment decision.

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