

## 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 0.34% in July while the Alpha Small Companies Fund outperformed the benchmark by 1.73%. The best sector performance came from Resources and Materials, while Health Care and Utilities underperformed. Since inception, the Fund has consistently outperformed its benchmark.

Australian equities underperformed the majority of global peers and ended the month flat. The Australian market faced headwinds from the soaring Australian dollar (AUD), which breached 80 United States (US) cents and the added volatility into the market. In the minutes of the July meeting, the Reserve Bank of Australia (RBA) discussed that the neutral nominal interest rate would need to increase to around 3.5% in order to maintain target inflation and growth rates without mentioning how long it might take. This supported AUD strength, even though the deputy Governor Guy Debelle made a speech to explain that the discussion of the natural cash rate should in no way be interpreted as near-term rate hikes. The RBA left the rate on hold at 1.5%. The AUD rose 3.85% and closed the month at 79.87 US cents. According to the Australian Bureau of Statistics (ABS), the Consumer Price Inflation, the headline measure, saw an increase of 0.2% in the June quarter and 1.9% through the year. The unemployment rate dropped less than 0.1% to 5.6% and the participation rate stayed at 64.9%. The jobs market is on track for improvement with full-time employment gaining nearly 170,000 since the beginning of the year.

The China Caixin Purchasing Managers' Index increased 0.7 points in July to 51.1, indicating an expansion in China's manufacturing activity.

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 - July 2017

Stock Name	Sector
Binani Industries Ltd	Basic Materials
Chorus Ltd	Communication Services
Sims Metal Management Ltd	Basic Materials
Reliance Worldwide Corp Ltd	Basic Materials
Nextdc	Technology
Pepper Group Ltd	Financial Services
Service Stream Ltd	Industrials
Metcash Ltd	Consumer Defensive
Synlait Milk Ltd	Consumer Defensive
Inghams Group Ltd	Consumer Defensive

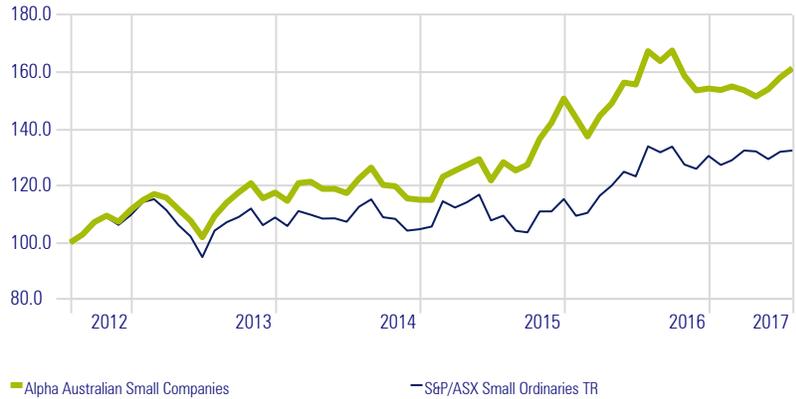
## Risk Matrix

Time Period: 1/08/2012 to 31/07/2017

	Alpha Small Companies	S&P/ASX Small Ord
Alpha	3.89	0.00
Std Dev	12.36	13.26
Sharpe Ratio	0.22	0.01
Sortino Ratio	0.32	0.02

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

Time Period: 1/08/2012 to 31/07/2017

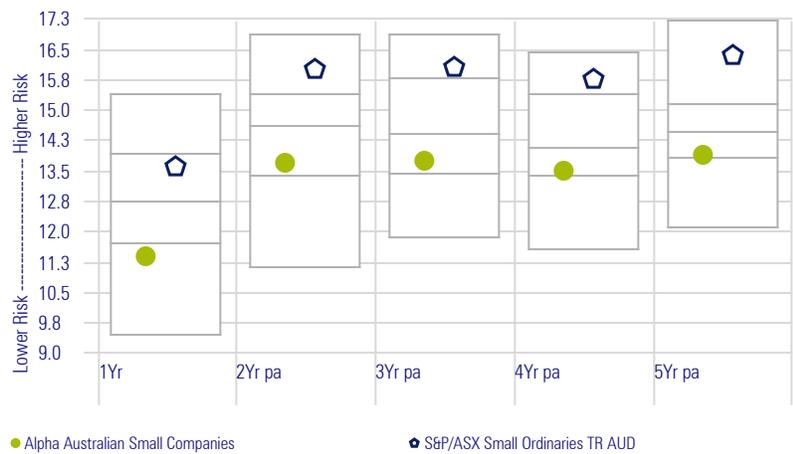


## Returns (net of fees) versus Benchmark\*

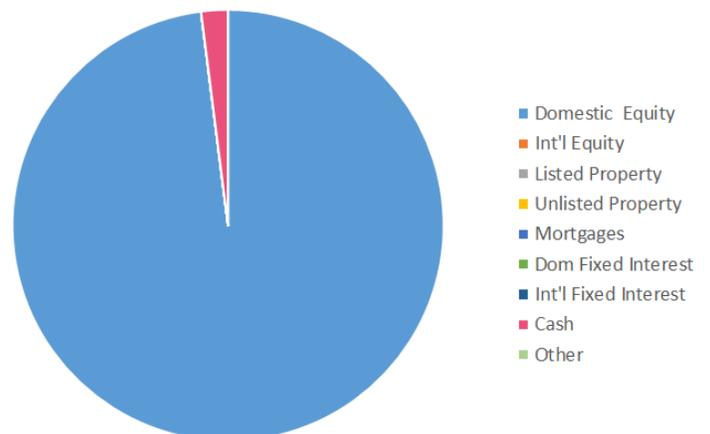
As of Date: 31/07/2017 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Australian Small Companies	2.07	6.56	4.98	-3.59	12.14	9.63	10.24	10.04
S&P/ASX Small Ordinaries TR AUD	0.34	0.24	4.00	-1.09	9.97	5.55	6.18	5.77

## 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

**Eight Investment Partners ('8IP')** is a boutique investment manager, dedicated to the analysis of listed small companies in Australia. It combines a highly experienced and diverse team supported by a strong analytical, business and risk framework. The investment philosophy targets three types of companies being stars, turnarounds and under researched issues which form part of an active portfolio of between 40-60 stocks.

*Manager Style: High Conviction Australian Small 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: High Conviction 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)	25
Month End Price Date	31/07/2017
Month End Price	0.7410

## 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 5458 9400  
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.

\*Past performance is not indicative of future performance. Neither Alpha, Infocus, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it.