

# GLOBAL SMALL COMPANIES FUND

Specialists in a vast and growing investable universe.

## WHY GLOBAL SMALL CAPS



### POTENTIAL FOR HIGHER RETURNS.

Global small-cap stocks have the potential to deliver higher returns (alpha) due to the underlying growth potential of the companies.



### ACCESS TO A VAST INVESTMENT UNIVERSE.

With over 50,000 listed global small to mid-cap companies on world stock markets, there are many opportunities for investment managers that can generate their own ideas and conduct independent research.



### GLOBAL SMALL CAPS ARE UNDER-OWNED

- Over 90% of all listed companies have a market cap of less than \$3bn.
- Small- and mid-cap companies comprise 32% of global market capitalisation, yet investors only have a 3% allocation.



### ACTIVE MANAGEMENT IS ESSENTIAL

- Small companies are inherently less efficient than large companies. Relative inefficiency creates opportunities for active managers.
- The vast majority of small-cap companies do not have analyst coverage.

Investment opportunities must meet ALL the following 5 criteria to be considered for inclusion in the portfolio:

1

#### SUSTAINABLE BUSINESS MODEL

Enduring competitive advantage

2

#### STRONG BALANCE SHEET

Able to self-fund if capital markets close

3

#### DISCIPLINED AND ALIGNED MANAGEMENT

Motivated by return on invested capital

4

#### CORPORATE GOVERNANCE

Protects minority shareholders

5

#### COMPELLING VALUATION

Inexpensive relative to unlevered free cash flow



### PLATFORM AVAILABILITY

- ✓ AMP North
- ✓ BT Asgard
- ✓ BT Panorama
- ✓ Centric – IDPS & Super
- ✓ CFS Edge
- ✓ Dash
- ✓ HUB24
- ✓ Macquarie Wrap – IDPS & Super
- ✓ Mason Stevens – IDPS & Super
- ✓ Netwealth – IDPS & Super
- ✓ Praemium – IDPS, Super, SMA & Powerwrap

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