



## DMP Australian Small Companies Trust

31 December 2020

Investment Manager	SG Hiscock & Company Limited	APIR	DMP6133AU
Sub-Investment Manager	DMP Asset Management Ltd	Minimum Initial Investment	\$25,000
Commencement	1 January 2017	Qualifying Investors	Wholesale clients
Management Costs <sup>1</sup>	1.03%	Buy Spread	0.35%
Performance Fee <sup>2</sup>	20.50%	Sell Spread	0.35%

## Investment Objective

Designed to provide medium to long-term capital growth potential and seeks to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 3 to 5 year periods after taking into account trust fees and expenses.

## Investments Held

The Trust will primarily invest in companies that are listed on the ASX and reside outside the S&P/ASX 100.

Performance<sup>3</sup>

	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	Since Inception % p.a (1/1/2017)
Total Net Return	+2.37	+13.48	+39.49	+27.08	+27.65	+12.89
S&P/ASX Small Ordinaries Accum. Index	+2.76	+13.83	+20.28	+9.21	+15.13	+9.79
Total Net Return vs. the Index	-0.39	-0.36	+19.20	+17.86	+12.53	+3.10

Past performance is not a reliable indicator of future performance.

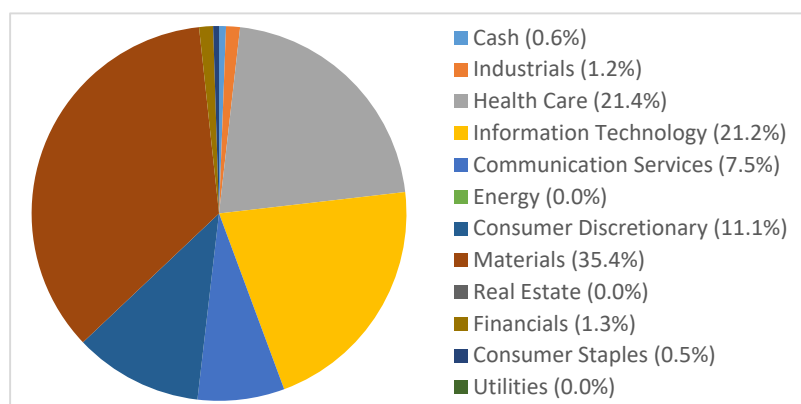
## Distributions (cpu)

30 June 2020	0.0
30 June 2019	2.2
30 June 2018	2.7

## 31 December 2020 Unit Prices

Application	\$1.4853
Net Asset Value	\$1.4801
Withdrawal	\$1.4749

## Sector Exposure as at 31 December 2020



## Top 10 Holdings as at 31 December 2020

Praemium Limited	(3.9%)
Carbon Revolution Limited	(3.3%)
Big River Industries Limited	(3.1%)
Mach7 Technologies Limited	(3.0%)
Marketplacer	(2.9%)
Bod Australia Limited	(2.9%)
Aussie Broadband Limited	(2.6%)
Telix Pharmaceuticals	(2.5%)
Imdex Limited	(2.4%)
Mincor Resources	(2.3%)

Top 10 holdings represent 28.83% of the total Trust

<sup>1</sup> Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

<sup>2</sup> Performance Fee: 20.50% of the amount by which the Trust's performance exceeds the performance hurdle (S&P/ASX Small Ordinaries Accumulation Index). Any underperformance from a prior period must be recouped before a fee can be taken (we call this the High-Water Mark).

<sup>3</sup> Performance: Total Net Return is the Trust return after the deduction of ongoing fees and performance fees and assumes the reinvestment of all distributions

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## Commentary

- The Trust's better performing stocks for December included: Jervois Mining (+63.1%), Liontown Resources (+57.1%), Aeris Resources (+52.8%), Fenix Resources (+51.4%) and Emerald Resources (+46.6%).
- Stocks that underperformed during December Include: Azure Minerals (-43.9%), Ansarada Group (-31.6%), Bod Australia (-20.8%), Big River Gold (-20.7%) and Archtis (-20.5%).

## Primary market mayhem

The reflation/recovery trade remained the dominant theme for markets in December. The USD suffered the largest negative return of all major asset classes whilst emerging market equities continued their strong run. Gold posted a strong recovery during the second half of the month. Whilst financial markets are expected to remain dominated by recovery forces, in the near term, a temporary growth scare could prompt a severe correction in risk assets as the pandemic ravages Europe and North America. It is therefore our opinion that markets will see a short-term reversal of the recent rotation into value and cyclical exposures and capital flows will move back into "COVID beneficiaries" and traditional "safe havens".

December is always a busy month for primary market activity as corporate advisers and their clientele look to squeeze in capital raisings before the end of the year and the quiet January period which follows. This year was no different as we participated in several placements and IPO's on behalf of the trust, establishing new positions and building on existing positions.

New positions established via participation in capital raisings during the month include:

**Comms Group (CCG) placement** – CCG is a leading business telco service provider servicing SME & corporate mid-market customers and wholesale & partner customers. The company is well positioned to take advantage of strong growth in the corporate IT market and conducted a \$6.25m capital raising for the acquisition of Next Telecom Pty Ltd. The acquisition is transformational with significant increase in scale and product offerings for the wider Group. CCG continues to trade at a valuation discount to listed small cap telco peers.

**Big River Industries (BRI) placement** – BRI is one of Australia's leading manufacturers and distributors of specialty timber and building products diversified by geography, industry segment, construction type and customers with >6,500 active trading accounts. BRI

conducted a \$20m capital raising to help fund the \$22.5m acquisition of Timberwood Panels to be funded via a combination of cash (\$18.5m) and Big River Scrip (\$4.0m). The acquisition is in line with Big River's strategy for Geographical and segment growth, with incremental revenue of >\$50m at an EBITDA margin of 12%, leading to 17.4% EPS accretion with additional upside potential to come from synergies upon integration.

**Ansarada Group (AND) placement** – Thedocyad (TDY) raised \$45m to acquire 100% of the share capital in Ansarada to form Ansarada Group Limited. Post the merger, TDY and Ansarada is a global leader in cloud-based information governance that enables businesses to achieve critical outcomes with confidence through secure document management, workflow and collaboration tools. The Group has a trusted brand among its customers driving strong win rates, a differentiated technology offering and diversified and scaled operations across industries and geographies with significant network effects to be realised.

**Cettire (CTT) Initial Public Offering** – CTT was launched in 2017 and is an Australian online retailer offering a large selection of in-demand personal luxury goods via its website cettire.com. CTT is now a global business, with more than 90% of sales revenue sourced from international markets and best-in-class trust metrics and customer reviews. Of appeal from an investor's perspective is the no inventory business model, enabling capital efficient (negative working capital) growth, of which there has been plenty. Over the last 3 years growth has been exponential. With no outside funding, the company has been profitable since commercial launch, underpinned by high Average Order Value and strong product margins.

**Doctor Care Anywhere (DOC) Initial Public Offering** – DOC is a UK-based telehealth company, committed to delivering high-quality, effective and efficient care to its patients, whilst reducing the overall cost of providing clinical services. DOC utilises its relationships with health insurers, healthcare providers and corporate customers to connect with patients and deliver a range of telehealth services.

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DOC raised \$65m via primary issuance, with new funds used to drive consultation growth through investment in systems and software, further integrate along the care pathway to improve the patient journey and capture value at multiple patient touch points, automate and optimise processes, launch Mental Health and Virtual Specialists service and build a foundation for international expansion.

In light of the volatility ensuing on the back of the COVID-19 pandemic, the calendar year was a challenging one for market participants, however, a pleasing one for all involved with the Trust which generated a return of +27.08% after fees and significantly outperformed its benchmark (The

S&P/ASX Small Ordinaries Accumulation Index) by +17.86%. We expect the Australian sharemarket to continue to dominate other major asset classes in 2021 and continue to believe that the Trust is well positioned to benefit from this. It is our opinion that high levels of fiscal and monetary stimulus will continue to drive global equity markets over the next 12 months. Due to logistical issues, vaccine rollouts globally will take time and it is our expectation that inflation will remain somewhat tepid, thus accommodating continued expansionary methods utilised by governments and central banks. We do, however, continue to monitor this closely and are well prepared to adjust the Trust's positioning accordingly.

## Investment Guidelines

The Sub-Investment Manager will use the following guidelines when selecting investments for the Fund:

- The portfolio will generally hold 60 to 80 stocks with a minimum of 40 stocks.
- All stocks will reside outside the S&P/ASX 100 upon initial investment;
- Cash maximum 20%; equities 80-100 %;
- The Trust will be permitted to invest up to 10% of the Trust's assets in unlisted securities – but those unlisted securities must be expected to be quoted on the ASX within a 12-month period.
- The investment in any one company will not be more than 10% of the market value of the Trust's assets.
- Maximum shareholding in any one company is 10% of its market capitalisation.
- The Trust may use derivatives for risk management purposes, as substitutes for physical securities; and
- The Trust will not be geared.

All stocks on initial purchase will be outside the S&P/ASX 100. Should a stock, via growth, be included in the S&P/ASX 100 Index, DMP is able to hold this stock for a period of no greater than twelve months. DMP will immediately develop an exit plan for any stock that reaches the top 50.

## Environmental Social & Governance (ESG)

### Environmental

- No coal mining
- No direct uranium

### Social

- No tobacco
- No direct gambling
- No predatory or pay day lending
- No weapons manufacturing
- No live animal exports
- No adult industries

### Governance

- No poor occupational health and safety records
- No undisclosed related party transactions
- No excessive use of non-executive options

For more information visit [www.dmpam.com.au](http://www.dmpam.com.au)

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