



DMP Australian Small Companies Trust

31 May 2021

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 Costs¹	1.03%	Buy Spread	0.35%
Performance Fee²	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.

Performance³

	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	Since Inception % p.a (1/1/2017)
Total Net Return	+2.89	+6.77	+13.83	+58.34	+27.71	+14.34
S&P/ASX Small Ordinaries Accum. Index	+0.27	+6.10	+10.44	+26.75	+10.93	+10.63
Total Net Return vs. the Index	+2.62	+0.67	+3.39	+31.59	+16.78	+3.71

Past performance is not a reliable indicator of future performance.

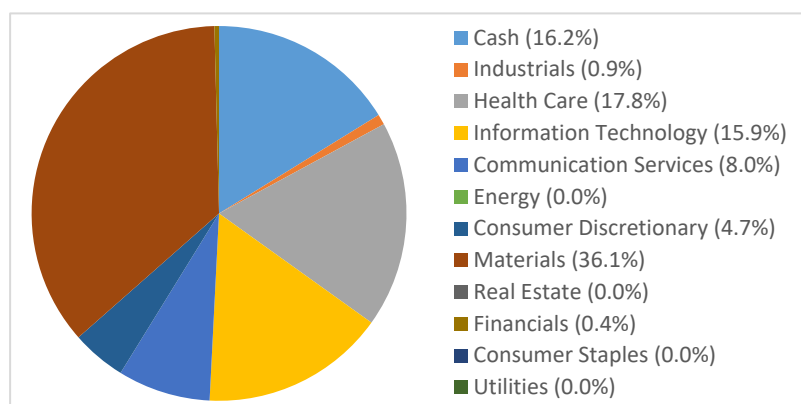
Distributions (cpu)

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

31 May 2021 Unit Prices

Application	\$1.6617
Net Asset Value	\$1.6559
Withdrawal	\$1.6501

Sector Exposure as at 31 May 2021



Top 10 Holdings as at 31 May 2021

Big River Industries Limited	(3.7%)
Praemium Limited	(3.7%)
Uniti Group Limited	(3.1%)
Silver Lake Resources Limited	(2.4%)
Imdex Limited	(2.4%)
Marketplacer	(2.2%)
Alcidion Limited	(2.1%)
Cettire Limited	(2.0%)
Alkane Resources Limited	(2.0%)
Emerald Resources Limited	(2.0%)

Top 10 holdings represent 25.43% of the total Trust

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

² 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).

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

DMP Australian Small Companies Trust Fact Sheet

Commentary

The Trust's better performing stocks during May include: Cettire (+44.1%), Lontown Resources (+40.5%), The Market Herald (+30.0%), Big River Industries (+26.9%) and Alkane Resources (+26.5%).

Stocks that underperformed during May Include: Artemis Resources (-47.8%), Triton Minerals (-25.0%), Althea Group (-24.2%), Spirit Technology Solutions (-23.7%) and Atomo Diagnostics (-20.9%).

Reflation

May was a tough month for small and mid-cap companies as big miners and banks led the broader market higher on the back of soaring iron ore prices and strong results from ANZ, NAB and Westpac. This comes as a continuation of a trend which has seen fund managers move up the liquidity curve, buying larger and more liquid companies and leaving some small and micro-cap companies (which led the market at the beginning of the year) behind. As we have previously pointed to, assets and companies compete for capital flows. If investors can generate returns in pockets of the market which are deemed to be lower risk, this is the direction in which capital will flow. Consequently, outperforming the S&P/ASX Small Ordinaries Accumulation Index over the month and keeping pace with the larger companies constituting the S&P/ASX 200 Index over six months, is pleasing.

Cettire (CTT) again made a substantial contribution to wider portfolio performance over the month and has now generated a return of 384% since we seeded a position in the Trust during the IPO process in December 2020. CTT is a high growth online luxury retailer with a large catalogue of products and a global reach. CTT addresses a vast total addressable market (TAM) estimated to be as high as \$1tn. The company was entirely funded by its founder until the IPO, is profitable, and has a healthy balance sheet. Another attribute of the company which particularly appeals to us is the negative working capital cycle of the business. In other words, CTT are paid by customers before they are required to pay suppliers, meaning the growth of the business is capital light.

One of the Trust's cyclical exposures, Big River Industries (BRI), also made a valuable contribution to monthly performance during May. BRI is a trade-focussed, manufacturer and distributor of specialty timber and building products. The 'sugar hit' from the federal government's HomeBuilder incentive scheme is only just beginning to stem through to companies such as BRI, with a typical 6-month delay between new home contract signing and work start. Given the sheer quantum of the HomeBuilder applications, the impact of this is likely to be extended throughout FY22. Layer on top of this a return of immigration, and the cycle may be extended further.

Pleasingly, the performance of the Trust's gold positions again contributed to aggregate performance in May. Investor flows, both domestically and in North America, have returned to the yellow metal as institutional managers look to "real assets" to hedge the risk of inflationary pressures becoming more structural in nature.

Of the Trust's gold exposures, Aeris Resources (AIS) was the standout performer during May, delivering another solid month of performance (+60%). However, it wasn't just sentiment in the gold space driving the AIS share price higher. AIS is also a copper producer, via its Tritton asset near Cobar in western NSW, which is forecast to produce around 23,000 tonnes of copper this financial year. The copper sector remains white hot driven primarily by the electrification and decarbonisation themes – two themes which have been at the forefront of our thinking for several years now. There remain few copper exposures on the ASX, and even fewer which represent compelling value – AIS ticks both boxes. We see continued support for the copper price in the medium to long term, with demand being driven by the decarbonisation theme and supply slow to come online.

As at 31 May, the Trust's cash position remains elevated and resides at 16.2% whilst we look for the market to show more clear evidence of a definitive direction. The argument over the transitory (short term vs long term) nature of inflation remains intensified and, as such, so does the debate around the long-term market leaders. We continue to favour a positioning within the Trust which enables us to move with agility once a clearer and more definitive path is defined for the market.

DMP Australian Small Companies Trust Fact Sheet

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

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975), a subsidiary of EQT Holdings Limited (ABN 22 607 797 615) a publicly listed company on the Australian Securities Exchange (ASX:EQT), is the Responsible Entity of the Trust. SG Hiscock & Company Limited (ABN 51 097 263 628 AFSL 240679) is the Investment Manager of the Trust and DMP Asset Management Ltd (ABN 77 145 590 316 and AFSL 38358) is the Sub-Investment Manager and have prepared this document for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees Limited nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Trust. Past performance is not a reliable indicator of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance on the information contained in this document. We strongly encourage you to obtain detailed professional advice and to read the relevant Information Memorandum in full before making an investment decision. Equity Trustees Limited does not express any view about the accuracy or completeness of information that is not prepared by Equity Trustees Limited and no liability is accepted for any errors it may contain. Investors can acquire units by completing the application form accompanying a current Information Memorandum. A current Information Memorandum can be obtained by contacting DMP Asset Management Ltd on +61 3 9981 3300.